

The **Credit World**

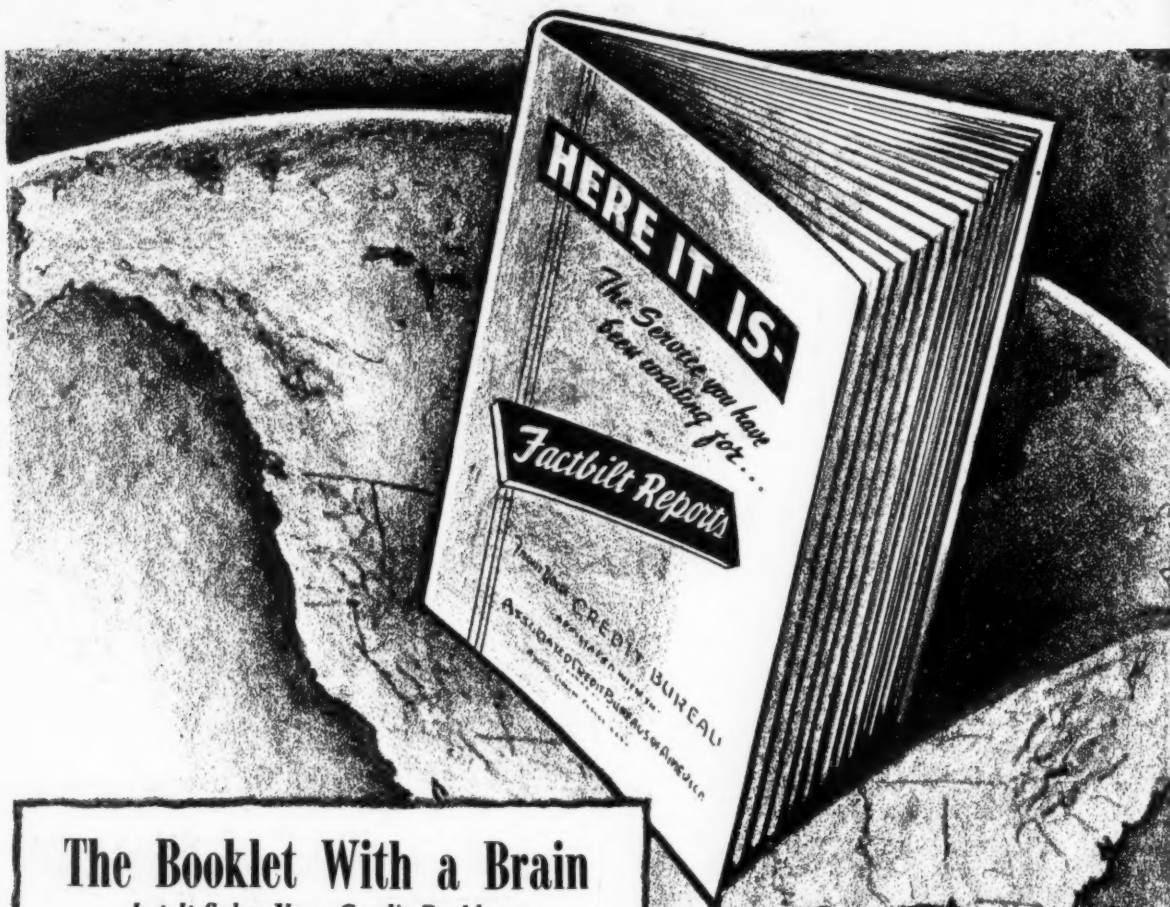


February, 1946



"With malice toward none; with charity for all; with firmness in the right, as God gives us to see the right, let us strive to finish the work we are in; to bind up the nation's wounds, to care for him who shall have borne the battle, and for his widow and his orphan—to do all which may achieve and cherish a just and lasting peace among ourselves and with all nations."

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The CREDIT WORLD

OFFICIAL PUBLICATION OF THE NATIONAL RETAIL CREDIT ASSOCIATION

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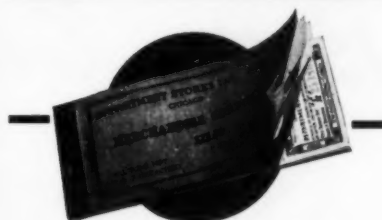
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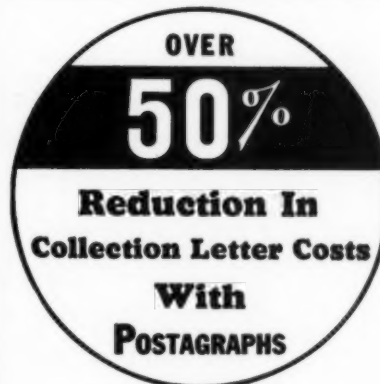
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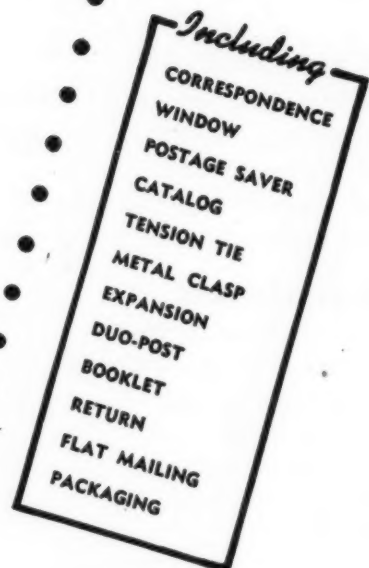
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The Credit Picture for 1946

A. B. Buckeridge

Executive Manager, Credit Bureau of Greater New York
Past President, Associated Credit Bureaus of America



(This article appeared in the Merchant's Annual Edition, *Women's Wear Daily*)

THE GREATEST danger in 1946 will be that of overloading the customer beyond his ability to pay. As more and more hard merchandise becomes available, applications for credit will increase. Bearing in mind that many workers will be receiving less money than their wartime overtime pay provided, every precaution must be taken to see that John Debtor does not buy beyond his ability to pay promptly. The future of credit depends on the control of credit. That means sound terms. The merchant must realize that in the extension of credit he is in competition with the banks, finance and personal loan companies, and many other types of firms.

Sound credit includes cooperation with every type of credit granter. This means centralization of all credit information in the files of the local credit bureau. To avoid overloading, every credit granter must know of the debtor's credit commitments with others. Merchants should work through their credit associations to see that all credit granters check their new accounts through the bureau.

The most important clew in the determining of the role that credit will play in 1946, is the number of credit applications which flooded the credit bureaus of the country during the fall of 1945. In city after city the volume of business which struck the credit bureaus early in September and mounted rapidly until the peak was reached a week before Christmas upset all predictions, and in many cities new employees could not be hired and trained fast enough to render the type of service usually given during the fall season.

In addition to inquiries from the regular routine, many stores solicited new charge accounts which added to the problem of the bureaus in rendering reports. If the experience of the 1945 fall season is an indication of the credit volume for 1946, and you add the extension of regular credit and installment credit on old lines of hard merchandise which will come back into the market, credit bureaus will have to go into high gear in training the necessary staffs to handle a volume of inquiries that will far surpass what was known as prewar normal.

Television was just getting into its stride when the war broke out. Since that time improvements in the sets have accentuated the desirability for their purchase. When the cost is within the means of the average buyer, every home will be wanting one, and the major volume of sales will be on the installment plan. The same improvement in radios, washing machines, refrigerators with built-in quick-freeze units, and all the other known types of merchandise as well as new inventions, will

place them in the must-have class. Do not overlook the installment selling of private airplanes. Installment purchasing of all these items will play a large part in achieving the goal of fifty-plus million employed.

Collections will slow down, and the firms which are now registering practically no losses from bad debts will find the red figure gradually going back to normal. Proceeding with the assumption that Regulation W will be entirely eliminated just as soon as merchandise is plentiful, credit associations should consider community credit policies as a substitute for the present government regulations.

As the present housing shortage is alleviated by increasing building of homes, and private and municipal housing projects, the stores of the nation will be called upon to furnish them, which will cause another acceleration in installment buying. In competition with the retailer will be the package mortgage, where the contractor includes in the home all the hard merchandise and other furnishings, payment for which will be a part of the mortgage.

A number of firms have already started to solicit charge accounts. The rest are making their plans. Old accounts, inactive during the war, must be contacted to get back their patronage. All the lack of credit sales promotion during the war must be made up for, especially in planning for the time when stores must sell plentiful merchandise instead of handing it out to stampeding customers. Until bureaus are able to add new employees easily, firms planning solicitation campaigns must notify the bureaus in advance. Otherwise it may be necessary for bureaus to devote their first efforts to regular credit inquiries. The flood of solicitations during the past fall which swamped many bureaus beyond their ability to render prompt service constituted a lesson that cannot be disregarded.

Credit Bureau Control on Overloading

What the public does not know is that a control to prevent overloading has already been set up in every city which has a credit bureau. Clear every new application through the bureau, report every past-due account promptly, and turn down those individuals who have paid others too slowly or not at all, and the danger of overloading will be avoided. Possibly more publicity should reach the public to let them know of the credit control which the merchants have set up for many years.

Credit today is a major cog in the machinery of business. In every line of business which is planning for the reconversion period, the use of credit is one of the most important items. Every type of business or service that involves the extension of credit to individuals or the financing of individuals in the purchasing of merchandise,

is making elaborate plans for the future. For example, the banks of the country are making extensive plans in regard to personal credit. Those which had consumer credit departments in the past are planning for a far larger volume. They are reaching out into new fields, even to the point of leasing new quarters to house the staff which will be engaged in the financing operation. Banks which never considered consumer credit before are building up the new departments. Over 14,000 banks have indicated their interest in forms of consumer financing.

The automobile finance companies are equally as active in preparing for the future and going into new lines, as are the personal loan companies and countless new firms which are being organized to handle consumer loans and financing. All of this is of interest to the retail structure as in the competition for the consumer dollar. There is every prospect of a rate war which may result in lower charges for financing accounts. It may cause a standardization of service or credit financing charges.

Attitude Toward Returning Veterans

The attitude toward the returning veteran seeking credit is of paramount importance. Early last fall a group of credit executives of New York Men's Wear Stores met to exchange ideas on the subject, and their comments which were in answer to specific questions, which follow, have not only been uniformly accepted by various credit associations, but the policies up to this date have proved very successful.

1. Old accounts—good record and returning to same job. *Answer:* Unanimous agreement on giving credit.
2. Old accounts—good record—no job yet or doctor or dentist without location—good family background. *Answer:* General consensus was that in view of previous good payment record, the veteran would be going back to his old position or securing a new one after he had the proper rest, and that as a good-will policy credit would be approved.
3. Formerly slow—left for service owing money. Pays old bill, wants account reopened. *Answer:* Consensus was to regard the request for the new account favorably. Tendency is to give the veteran the benefit of the doubt. An account owing when the man was inducted is not considered as a derogatory item. It is the bureau's duty in these cases to determine whether the account owing when the man went into service was due to the suddenness of the induction or whether the man had been chronically slow. You must regard as a favorable item the fact that the veteran voluntarily came in and paid the old account.
4. Young man, taken in service when 18, 19, or 20, now 24, 25, or 26. Married, no previous business or credit record—good war record—discharged as an officer or noncom, lives with his or her parents or perhaps in a rooming house—new job. *Answer:* You must be very liberal or broadminded in regard to this type of returned veteran. If he formerly lived in Greater New York you would give him more consideration than if he came from out-of-town, and was new in this locality. If he lived here previously any derogatory information against him would appear in the bureau files. Necessarily, you would extend a limited amount of credit. If he lives with his or his wife's parents, that is a good sign, but if he lives in a rooming house, that would be a handicap, although under present-day housing conditions he might have to live in the rooming house, whereas under ordinary circumstances he would not, but would live in a hotel, Y. M. C. A., etc. Asking for his or her parents to be a guarantor would be the last step. Much would depend on his attitude in asking for the credit. One firm stated its policy would be one of liberality, but with a tight collection policy. Delinquencies would be watched carefully. Most of this credit would be extended on a 90-day basis.
5. Accounts of servicemen now in suspense. Are you going to dun? *Answer:* Unanimously, "No." Six months after the official end of the war the firms would determine their policy.

6. Do you approve or disapprove of requesting guarantors on the above mentioned (other than parents)? *Answer:* Approve, if the guarantor is a charge customer of the store. Consensus was that unknown guarantors should be avoided.
7. Accounts now in suspense, owing large balances, where the person wishes to purchase—will you accept new purchases and accept partial payments on old balance? *Answer:* Yes, within reason.
8. Can the credit bureau assist us in any way with a special type of report? *Answer:* Yes. First the store must notify the bureau that the applicant is a returned serviceman. These cases will be routed with special handling. The application and the information in file will be analyzed. If debts were owing when the man entered the service, the bureau will determine whether they were a result of the emergency induction or a chronic slowness. The bureau will automatically notify the inquirers when the returned veteran secures a new job. It will notify all investigators to go out of their way to help the returned veteran establish or re-establish his credit.
9. A large percentage of discharged men pay cash for their current requirements. Has any thought been given to soliciting accounts at the time these cash purchases are made? *Answer:* Very good idea. If your store has several branches, do the soliciting for charge accounts at the better location. Some firms in favor were not able to do the soliciting at the present time because of shortage of personnel.

It is well to remember that the account owed by a veteran under the Soldiers' and Sailors' Civil Relief Act is not a past-due account, nor is it a derogatory item in a credit report. When the account is paid in full the veteran should be given the same rating for having paid the account as if he had paid an open charge account in thirty days, or an installment account according to terms.

With the prospects of being able to buy new office equipment, credit offices will go into high gear in bringing their departments up to date, especially in new systems for better service and a more profitable operation. Greater consideration should be given by store executives to giving the credit department a better location and dressing up its appearance. Most customers' initial impression of the store comes when they visit the credit office to open an account. The credit department should reflect the quality of the firm. This it cannot do if it is poorly equipped and hidden on a top floor behind the china department.

Renewed Interest in Credit Courses

During the war most credit associations discontinued their courses for the education of employees in credit and collection fundamentals. With the great turnover during the past four years, the new employees and junior executives will profit from the re-establishment of these courses.

The skip problem has been the subject of a great deal of thought. The question of tracing people who move from war towns to civilian manufacturing towns, must be answered in 1946. There will also be a migration of employees from city to city because of better opportunities being created through reconversion. Not all people moving from one city to another will leave unpaid bills. The characteristic honesty of the American public has been proved over a long period of years.

Recent surveys have shown that when firms in war towns have taken a proper credit application and extended credit soundly, the number of skips has either been normal or only slightly above. If the application shows where the debtor worked before he moved to the war

(Turn to "Credit Forecast," page 26.)

How to Sell to Servicemen and Women

(The experiences of three Birmingham credit executives)

"If the returning serviceman or woman had an account with us and he has returned to his old job, we obtain a Merchants Credit Association credit report. If it shows no old, unpaid obligations developed by his family during his absence, we renew the account," says Leo Karpeles, Secretary-Treasurer, Burger-Phillips Co., Birmingham, Ala., and Past President, the National Retail Credit Association.

"What we are particularly interested in is whether the veteran has obtained a job, and, if not, what definite plans he has made to get one or to go in business. If the answer is not definite, he should stay on a cash basis until he knows what he will do and what earnings he will have. If he has no credit background, but is now employed, we sometimes ask that he request that his parents or some near relative whose credit is established guarantee his account. Some businessmen are opening charge accounts with servicemen and women without any credit investigation. That will lead to trouble for both the firm and the veteran. It is our responsibility as credit executives to protect these veterans and not allow them to get into financial distress. We must protect them from being overloaded with obligations beyond their ability to pay. They deserve our guardianship, and if they do not get it, their character and credit standing in the community will be impaired. It will do more than that, for financial trouble invariably leads to domestic trouble."

Many Factors Involved

A similar view is taken by W. P. Tuggle, Credit Manager, Standard Clothing and Furniture Co., Birmingham, who says, "Granting credit to returning servicemen and women has many factors which tax the wisdom and ability of the credit executive. The average serviceman or woman, due to age, does not have any credit background on which he can be judged. It has been our experience that, as a rule, he is still unsettled and has not become acclimated to civilian life. We may expect him to change employment a number of times before he finds himself. This may be due to his efforts to find a better job or to find one for which he is equipped and where he will be better satisfied.

"In granting credit in such cases, our first consideration is the family, and its paying habits and general reputation. If the family has no record with MCA, we have them check the employment and paying habits of the father. In doing this we can, to a certain extent, determine their stability, whether they are steady workers or change often. If a serviceman or woman is a newcomer to the city, and does not have any established credit background, we usually ask for a larger down payment and a shorter term contract.

"It has been our policy to show servicemen and women every consideration within the bounds of sound business practice. We believe in doing that we are not only rendering a service, but, as most of them are young and just starting out in life, we are acquiring new customers who will be steady patrons for a long time.

Furthermore, the ultimate gain offsets any losses which may occur from those who abuse the privilege extended to them.

"A large number of returning servicemen had been employed and had established credit standings in the community before they entered the war," says W. A. O'Hara, Credit Manager, Calder Furniture Co., Birmingham.

"Of course, we get an MCA report on them so that all facts are confirmed and we are informed if, during his absence, purchases had been made by his wife, and whether payments had been made promptly. If MCA has no record showing previous paying habits, we invariably ask for a larger down payment and shorter terms.

"Most young men are in a position to make a substantial down payment. Recently we sold a veteran furniture in the amount of \$250.00. He paid \$150.00 cash, the balance payable at \$25.00 per month on which we asked no carrying charge. This young man had no credit background, but he was living with a married brother whose employment and credit record was excellent.

"In opening such accounts we keep definite antecedent information as to the names and addresses of the parents of the young man and of the young lady to whom he is engaged or married. In the event the young couple moves or leaves town, we can obtain their address from their parents immediately. I would be more liberal in handling borderline cases involving credit to veterans than toward older men who have been enjoying the high salaries of the past few years. We owe it to these young men and women to extend them every courtesy. If they had not established sound credit records before they entered the service, we should either sell them by asking a larger down payment and shorter terms or we should be governed in our decision by the reputation of the father for stability of employment and the manner in which he has, over a period of years, met his obligations. It is necessary to obtain a detailed credit report on the father plus a special report developed by MCA which shows not only family background but an analysis of the young man's character, education, and employment record, if any, before he became a member of the armed forces."

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A Public Utility Credit Policy

J. Gordon Ross

THE SALE OF public utilities' services is essentially credit business. Accounts are opened, service is made available, and after meter readings are taken to determine the extent of use, bills are issued and payment is anticipated. In this respect utilities are not unlike other retail credit businesses which may decline to accept an account, whereas utilities may seek to protect themselves against loss by obtaining a security deposit from an applicant whose credit standing is unsatisfactory.

Other retail businesses obtain applications, make credit investigations, and establish procedures to govern the opening of accounts, credit authorization, and collections as part of their so-called credit policies. The procedures are similar in most retail businesses and they are quite generally known to the credit-seeking public. It seems logical, therefore, for public utilities to also have credit policies embracing applications, deposits, and collection procedures which, because they are similar to those of other retailers, would be known and understood by our customers and those who seek our services. This need is even more essential when, in addition to selling gas and electricity, we engage in the sale of appliances, coke, repair services, or a dealer cooperative sales plan involving credit responsibilities of the purchasers.

The demands for our services are so universal that some utilities seem to have felt there is no need to change their policies. Even now we find those who decline service until the residential applicant has made a personal call at their offices to sign a formal application and pay the customary deposit. On the other hand, we have those utilities who take no deposits from residential customers, and they neither require nor accept a customer's signature.

Data accumulated in this study seems to support the policy of securing reasonable information about a new customer, accepting his signature if he calls at the office, and requiring a deposit only when he is known to have an unsatisfactory record. Such a policy makes it possible to establish a record that will enable the utility to know the customer and consequently to apply intelligence and good judgment in transactions involving credit purchases or delinquent accounts.

First impressions are lasting, and this should be borne in mind in connection with the greeting of new customers.

J. GORDON ROSS is Superintendent, Customer's Service and Credit, Rochester Gas and Electric Corporation, Rochester, New York, and a Past President of the National Retail Credit Association. The survey upon which this article is based included companies in ten states, ranging from Coast to Coast. It is one of the activities of the American Gas Association, Customer Relations Committee, of which Mr. Ross is Chairman.

If there is a receptionist, or if others first contact the new-comer, it goes without saying that he should be graciously approached and properly directed to the service representative who will care for his needs. The confidential nature of this interview requires that it be handled in privacy, rather than at a congested counter where others may overhear. Indicative of the trend in this direction is the fact that 61 per cent of the 18 companies recently surveyed accept applications at desks only, 28 per cent accept them at both desks and counters, and only 11 per cent at counters only.

The next consideration is the questions to be asked. Some may feel it is adequate to ask only the applicant's name, what he wants, and where he wants it. This would scarcely be sufficient to establish a record of the customer that would be of any assistance at a later time. On the other hand, a customer may become annoyed by being required to answer unnecessary questions. Certain fundamental information will be given by the average applicant without offense because it is what he would customarily give to any store from whom he was seeking credit. Obviously we must know his name, where and when service is desired, and other essential information to make it possible to provide the service desired. This information is routine, and the name should be in full; that is, given name, middle initial, and last name. Justification for this lies in the fact that we have so many customers with similar names that we must avoid confusing the accounts.

Questions Regarding Identification

Other questions are asked to a varying degree by most utilities for purposes of further identification of the applicant, to facilitate credit approval, and to, if need be, assist in the collection of the account. For instance, 77 per cent of those surveyed ask the applicant's former address, 77 per cent ask if he had a utility service account there, 44 per cent ask the name of the utility which served him, 66 per cent ask his place of employment, and 60 per cent his occupation. Less frequently asked are the wife's name (33 per cent), how long at former address (33 per cent), badge number of employee (22 per cent), and trade references (22 per cent).

If a customer returns to a locality it is the practice of 72 per cent of the companies to ask the same questions as on the first contact, except that two companies do not repeat if the customer returns within a year, and two companies do not ask any of the above questions unless the customer desires to attempt to establish credit, "in lieu of placing the customary deposit."

The matter of obtaining the applicant's signature is no longer considered an absolute rule. Only 66 per cent report that the signature is required or accepted, while 33 per cent presumably do not get it at all. There are those who contend that the signature adds weight to the original transaction, and, as it inflicts no hardship on the applicant, it should be accepted. The psychological effect of so doing is good, whereas too lax a requirement in this respect is likely to create the impression that it would not be difficult to obtain service under false pretenses.

Applications are accepted by telephone by 88 per cent of the companies surveyed. Twelve per cent do not accept applications by telephone, but ask their prospective customers to come to the office to apply. Of those who do accept applications by telephone it is of interest to note that an average of 53 per cent of all residential applications are received in this manner, with one company receiving 73 per cent by telephone. When telephoned applications are received by those who normally require signatures, they are usually obtained by the turn-on man or by mail.

Experience in the retail credit granting field has proved that more than 98 per cent of the people are honest, and it is not necessarily found that the percentage of dishonest people is greater in any particular locality. Yet it is surprising to learn that 28 per cent of the companies reporting require deposits from most residential customers, with one company requiring deposits from all except property owners with good credit standing. Thirty-three per cent require deposits from most applicants for service moving into certain areas or districts presumably where collection experience has been bad. All but one company (which does not accept any residential deposits) require deposits when they know an applicant's credit record is unsatisfactory, and 44 per cent require deposits when they are uncertain about an applicant's credit. On the other hand, 66 per cent give service without deposit to most residential customers, and 50 per cent do not ask deposits unless they know the applicant has a poor credit record.

As a means of determining the credit standing of an applicant, 39 per cent of the companies send inquiries to the utility which previously supplied the applicant, but two of them only do this if the previous supplier was a branch or affiliate of their own company. Seventy-seven per cent of those reporting refund deposits after a satisfactory record of payment has been established, usually one year. Of those who do not have such a plan, one company retains deposits until service is terminated.

Regulations on Deposits

In 83 per cent of the companies deposits are accepted by the person who accepts the application, while the others apparently refer the customer to some other person or department for this purpose.

The requirement of a deposit often subjects a new applicant to hardship or at least inconvenience at a time when he is usually confronted with the expense of establishing himself in a new residence. Such a condition may cause him to have an unfavorable, if not definitely hostile, attitude toward the particular utility involved, and perhaps utilities in general. Furthermore, a comparison of the actual net loss due to bad debts of a company having a liberal credit policy with those of a company requiring deposits from most customers may show surprisingly little difference, if any. If this is true, the rigid deposit demanding company is not only building ill will for itself and the industry, but is paying unnecessary interest charges and maintaining unnecessary deposit records and reports.

The so-called standard credit application used by most retail stores has, in addition to the customer's name and address, some 33 questions of a highly personal nature concerning the applicant. In the utility field it seems

that the maximum is about 9 questions other than these having to do with the service characteristics and the plans for making it available. It would seem to be a fair conclusion, therefore, that rather than causing offense by being too inquisitive about our new customers, we have a tendency to be not sufficiently interested in them to obtain the information that will enable us to classify them from a credit standpoint. Consequently, without such classification, all past-due accounts are subjected to a routine collection procedure which in itself is a source of irritation and a deterrent to good customer relations. Furthermore, if we engage in appliance or coke sales business and do not maintain suitable records to classify those who seek to purchase on credit terms, delays in credit authorization create a lack of desire to deal with us.

Permanency of Population

While some localities have a large transient or floating population, this is not the usual thing. A high percentage of our customers remain permanently in the same community. Therefore, the establishment of proper record in these cases, supplemented by actual experience with them in matters of credit purchases or collection activities, is not a difficult job, and it does enable the utility to serve its customers more effectively.

Policies and procedures governing credit extension and collection activities have a far-reaching effect on customer relations. It is, therefore, of prime importance that we recognize and avoid those things that create antagonism. Those who seek utility service will answer reasonable questions and sign an application without offense, if the contact is diplomatically handled. As these things will help to serve him better, it seems wise to obtain them. On the other hand, we may be assured of resentment on the part of the applicant whom we greet coldly, and from whom a deposit is demanded because, "it is the policy." The customer finds equally offensive a collection procedure which requires that a final notice be sent whether the bill be \$3.00 or \$50.00, and the customer a squatter in the shack by the river, or a railroad president on the Avenue.

The exercising of caution is also needed to prevent a shift too far to the other extreme. A loose policy, having only as its objective the desire to create good customer relations, may have the opposite effect because of the loss of respect for the utility. There are situations where it is wise to request an applicant's signature and where a deposit should be required. Evidence of this lies in the use of fictitious or improper names to an extent far greater than seems to be realized.

Utilities have available the same facilities for obtaining credit information about present and prospective customers as do other retail establishments. In most communities local credit bureaus are well organized and managed. *They play a vital part in the credit consciousness of all customers and are worthy of the support and co-operation of utilities.* Fear is sometimes expressed that credit bureaus make too many demands for information from utilities. Their successful operation, however, depends on the completeness of their information, and many utilities have found it possible to work out a plan with the bureau which would provide all necessary information without the burden of unfair expense or interruptions to

(Turn to "Credit Policy," page 26.)

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Credit has always been a promotional vehicle in business and industry. This is particularly true of retail credit in the postwar era. Retail institutions will be able to stimulate volume and develop lasting good will which may prove to be a great force for good when the next recession occurs. Business cycles are inevitable, though their severity may be tempered. Millions of soldiers are coming home. New families are being formed, and new homes are being established, creating a reservoir of potential volume in retail business. Credit executives must be liberal, though selective, to tap this reservoir to the fullest extent. Returning veterans will be establishing homes, and will have little but character and a good moral background upon which to evaluate the extent of credit which may be safely extended to them. Because of service to their country in time of war they will not be able to point to much in the way of accumulated material resources. If young men are ambitious to set up homes, and if they have good jobs, they offer an opportunity for the ingenious credit executives to render service and build business.—Sidney R. Baer, Vice-President and Treasurer, Stix, Baer and Fuller Co., St. Louis, Mo.

Regulation W should be modified or discontinued, as there are enough efficient and capable credit executives in America to keep credit well regulated. It is time that all of us made a fight to release ourselves from the regimentation of Washington.—E. K. Barnes, Executive Vice-President, First National Bank, Spokane, Wash.

The immediate credit problem is the returning veteran. This is a particularly serious credit risk to the retail merchants who are catering to the sale of household goods and appliances, if the investment runs into several hundreds of dollars. The boy who used to work on a part-time job or as a stock clerk in some department store after school hours is coming home soon, a captain or a major. Under the G.I. Bill of Rights he is guaranteed only such a position as he filled before the war. He will not be satisfied and will seek employment in other fields. Will he be successful? The answer is our problem. We are daily interviewing veterans who are seeking to establish themselves in their own apartments or homes. Your interview will disclose in at least 80 per cent of the cases that the veteran has chosen to live in the home city of his wife, a city where he is a stranger. You have little or no reference on the young man's character or his family's background as to their credit responsibility. Will you ask the wife's family to guarantee the account? This will undoubtedly be the procedure. Credit executives have found that guaranteeing an account often results in the loss of a good account, that of the guarantor. They should exercise all possible care in opening accounts, and they should use the soundest line of credit experience to guide them and be certain that they stick to the proved rule.—F. J. Bahlinger, President, Kornmeyer Furniture Co., Baton Rouge, La.

One of the most important problems for 1946 is for each credit grantor to participate in the organization of a community credit policy for his particular city or town. This should be done immediately so that it can be put into operation upon the expiration of Regulation W, and thus retain its benefits.—F. W. Barton, Treasurer, Sawyer's, Worcester, Mass.

The most important credit problem for the year 1946 for the small or medium-size store operator is not the problem of credit expansion, but one of keeping his active accounts current. The multitude of war workers who are now unemployed are spending their reserves and savings plus the unemployment insurance being received. These funds will soon be de-

pleted, resulting in their inability to pay their obligations. Many will not find lucrative jobs, and their income will be used for the buying of food and the paying of rent. Many servicemen will have spent their mustering-out pay or reserves unwisely or to establish homes for their brides. Subsequent incomes will not be sufficient to meet requirements unless full employment at high wages is available. Without well-filled pay envelopes the worker will neglect paying bills and installment accounts previously contracted. Credit granters are now, and shall continue to unhesitatingly open accounts for the thousands of returning veterans whose immediate or future incomes are in doubt. A large percentage of these accounts plus the war workers accounts now in default will constitute a collection problem.—Joseph L. Cote, Jr., President, A. E. Troutman Company, Greensburg, Pa.

Regulation W should be continued well into 1946 to aid in the extension of credit to new applicants that are appearing in the market. We can expect many job changes and servicemen moving from location, and we feel that the Regulation should be continued during this transition period, and until jobs and industry are more stabilized.—H. J. Johnson, Johnson's Furniture Co., Mitchell, S. Dak.

Thousands of servicemen and women returning to civilian life are desirous of setting up their own households. Many went into service as youngsters and are emerging as mature men and women, but without having had any previous experience with our economic system. These deserving people will need our advice and assistance in establishing themselves, not only in the extension of credit, but in education generally along consumer credit lines. Government regulations and surplus cash in the average consumer's pocketbook, have deflected a tremendous amount of charge business to a cash basis. On the theory that a charge customer usually buys more than one who pays cash, this business should be recaptured, and placed on our receivables ledgers.—Colonel Leon Mandel, President, Mandel Bros., Chicago, Ill.

The most important credit problem in 1946 is to take cognizance of the law of the economic cycle. It is as old as scripture. Joseph interpreted it for Pharaoh. He explained that we have seven lean years and seven fat years, and economic history bears out that Joseph did not miss it very far. The cycle was at the bottom in 1932. Normally it would be at the top in 1939. 1946 would be the year for it to be at the bottom again. The law has a way of working to the disadvantage of man; about the time man thinks it is no longer active. Economists say that we are in for a greater period of prosperity. Let us see what the law of the cycle says.—John Mason, President, Mason Plan. Mobile, Alabama.

We are facing a critical year, but if we get off to a favorable start, it should be the beginning of a sustained period of prosperity. The intelligence of American industry produced the weapons of war that led to victory. The same intelligence can now produce enough goods and services to supply our needs as well as the needs of countries throughout the world. High level production, combined with high level employment, can become the keynote of the greatest era of prosperity in our history. One ingredient is necessary in order to maintain the pace of our increased production. We must do an accelerated selling job. That is where retail credit enters into the pattern set for our progress. With the possible elimination or modification of Regulation W, we must be prepared to offer maximum credit service to our customers on a sound basis. The Federal Reserve Board has done an outstanding job in the administration of Regulation W. If the Regulation is eliminated, retailers must be ready with a community program of self-regulated credit policies. This will be necessary

For 1946?

for the financial protection of our customers as well as for our own retail enterprises. These policies must be forward looking and dynamic. The future of American business is just as bright as we men of business are prepared to make it. If we practice teamwork and cooperation, no one can stop us but ourselves.—Benjamin H. Namm, President, The Namm Store, Brooklyn, N. Y., President, National Retail Dry Goods Association.

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The most important credit problem confronting the credit granter in 1946 is, first, to attract the right kind of customers and to interest them in buying the things they have deprived themselves of because of the four years of war. Second, to help them keep their savings by extending simple credit plans to them. If their savings are untouched, they have the courage of security. Third, to help them keep their war and victory bonds and so help our country with the great plans that lie ahead. If proper credit is available to people, they will not be tempted to cash in these bonds. 1946 is a year filled with great business potentialities. It is a critical reconstruction period, and everyone must put their shoulders to the wheel and pray for a strong back to help move the wheels constructively forward. Credit business and all business will rise to its obligations.—L. G. Oppenheim, President, The Bailey Co., Cleveland, Ohio.

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One of the most important problems confronting the retail credit granter in 1946 will be the course of action to pursue if Regulation W is amended or rescinded. Recently, we have heard and read many discussions on community credit policies to take effect upon the amendment or revocation of Regulation W. They are an indication that considerable thought is being devoted to postwar credit policies. Whether within the framework of a community credit policy or on the basis of independent action, we should go back to fundamentals to determine the course of action that should be followed. Production and distribution go hand in hand, and as our system of distribution becomes more efficient we shall come closer to realizing our maximum productivity. The immediate postwar years will see manufacturing activities in high gear in order to produce those things that have been absent from the shelves and selling floors of merchants. As an aid to distribution, retail credit facilitates the movement of finished goods into the hands of ultimate consumers. The retailer is a vital factor in our system of distribution, but he cannot attain efficiency in developing the distributive function unless he encourages the use of personal credit. Our problem is to look at retail credit, based on sound policies, as a means to enhance production through better distribution. If we do this, we shall have used retail credit in an economically sound manner to aid us in maintaining a high level of production.—Morton E. Snellenburg, President, N. Snellenburg & Co., Philadelphia, Pa.

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Regulation W should continue until more merchandise is available, and then it should be eliminated rather than modified. There should be a 24-month limit on merchandise sold on deferred payments, and variations in payments grading up from soft to hard merchandise with varying arrangements depending on the price of the merchandise. Different credit policies should not be made for discharged servicemen and women. In most instances they are anxious to return to civilian status. A symposium of credit opinion of the North American continent will be helpful at this time, and it will serve as a guide to stores of like character in a community so that they may establish similar credit policies.—W. S. Rhoads, Jr., President, Miller and Rhoads, Richmond, Va.

Opinions of Credit Executives

The most important credit problem confronting the credit granter for 1946 is retaining good will and patronage of those customers who have been charge customers in the past, but during the last few years have paid cash for their purchases. It is the responsibility of every credit granter to make a complete analysis of his inactive accounts and through proper promotion efforts to encourage them to reopen the account and use it for items they will need during the coming months. This means doing business with your present customers and building a volume of business that every store is entitled to through the efforts of the credit department. It will place the credit department as a sales builder.—Dean Ashby, Credit Manager, M. L. Parker Co., Davenport, Iowa.

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The problems that will be most pressing on the credit executives in 1946 are keeping terms on a sound basis and exercising unusual care in the readjustment period to see that the customers do not overbuy. Terms should not be in excess of the present terms controlled under Regulation W, which will be helpful in keeping the volume of accounts receivable to normal levels. The control of overbuying applies to your store and to others so that they will not get in a position to preclude their meeting their obligations promptly.—T. J. Bryan, Credit Manager, George Muse Clothing Co., Atlanta, Ga.

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Every credit executive will have problems in 1946 that no other bureau of credit has had before. The returning veteran has been out of civilian life for from two to five years. He has had no training in business and very little in the credit world; therefore, the credit granter must have an understanding of human nature since that is all that he has to aid him in deciding whether or not to extend credit. Defense workers will also present a problem to the credit granter. Many of them will have made so much money that they lived on a cash basis, and they will come home with little more than a down payment on the commodities they wish to purchase. In this case, credit executives can learn from their former employer their attitude and industry in their job, and this information will help determine what extension of credit will be made, if any.—Charles Dudley, Executive Secretary, Charlotte Merchants Association, Charlotte, N. C.

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The proper education of credit office assistants in the principles of sound credit will be one of the important problems in 1946. With the almost constant change of personnel in the past few years this has not been possible, and should Regulation W be discontinued, thorough training will become even more imperative.—Stephanie Dougherty, Assistant Credit Manager, I. Magnin & Co., San Francisco, Calif., President, Credit Women's Breakfast Clubs of North America.

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The most important credit problem confronting the credit granter for 1946 is to build and thoroughly train a credit department personnel adequate enough to meet the coming tremendous demand for open account and installment credit. They must also set up an aggressive credit sales promotion department to develop a maximum of new accounts and reactivate those that have not been used during the war period.—Frank D. Francis, Credit Sales Manager, The Emporium, San Francisco, Calif.

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The most important problem confronting everybody, is the over-all economic situation. Slowness of reconversion due to capital and labor differences, etc., makes all future business uncertain, and espe-

cially credit granting. Uncertainty as to employment and wages, strikes, etc., makes the task of credit granting for 1946 an uncertain problem.—Mr. Dunn, Credit Department, The May Company, Cleveland, Ohio.

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When and if Regulation W is eliminated, merchants should be ready with a community credit policy. Most customers are now conscious of credit terms, and will continue to pay promptly, if guided by some regulation. Now is the time to make plans. Discharged servicemen and women should not be too much of a credit problem. If they had a satisfactory credit or moral responsibility before they entered the service, they should be good credit customers now. We must help them all we can to rehabilitate themselves to civilian life.—Arthur H. Gruner, Credit Manager, B. Peck Co., Lewiston, Maine.

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Credit problems are well established, and 1946 does not appear to be of importance over and above the normal credit operations, except for the return of the appliance business, the return of veterans, and the shifting of civilians from production centers to their original homes, or other localities.—J. B. Haberer, Credit Manager, Boston Store Dry Goods Co., Fort Smith, Ark.

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When merchandise is available many people will be tempted to buy beyond their means. A large number of homes have been without merchandise that has been badly needed, and now that the opportunity is here to replenish the home, there is no doubt that many consumers will try to get the needed articles as soon as they possible can, and wherever they can. When opening an account, added emphasis should be given to the determining of how many other obligations exist at the time of the purchase. If Regulation W is modified, we will abide by the Regulation in its new form. If it is abolished, the tendency to sell on lower terms will no doubt go into effect soon. The store that requires a reasonable down payment with twelve months as a limit, and a thoroughly checked application will have the smallest amount of losses at the close of another year's business.—Harry A. Hartford, Credit Manager, Paine Furniture Co., Boston, Mass.

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The most important credit problem in 1946 is the extension and control of credit to former war workers. With more merchandise available there is no doubt going to be excessive buying by this group who have raised their standard of living during the last few years.—Ray J. Haydel, Credit Manager, Coleman E. Adler & Sons, New Orleans, La.

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I do not expect serious problems in 1946 from the standpoint of credit granting alone. Conditions will be changed; we hope that there will be a greater availability of merchandise which lends itself to installment buying. However, that is more of an opportunity than a problem. There will be a chance for the credit granter to exercise good judgment and foresight in granting credit to people who have been released from military service, but I do not regard that as a problem. We should still base our judgment on the applicant's character and his job in determining his ability and his will to pay. One of the biggest problems facing the credit executives of a large store will be the training of new employees to handle the increased volume of credit sales.—I. E. Joseph, General Credit Manager, Sears, Roebuck and Co., Chicago, Ill.

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With the possible elimination or modification of Regulation W during 1946, the return of many of the scarce articles will bring us problems. The most important of these will be to prevent the loading-up of installment buying. Close community harmony will do much to solve this problem.—Erwin Kant, General Credit Manager, Schuster's, Milwaukee, Wisc.

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The chief problems of the credit executive during 1946 will be in his internal organization. During the war policies and procedures were adopted that will not stand up under competition, operational expenses were secondary, and personnel standards were necessarily compromised. During the coming year, the credit executive should review all operations from the standpoint of modernization, layout, and simplicity. He should emphasize the training of new and retaining of old employees to give prompt and efficient service to customers. At the same time, new accounts should be solicited and old ones revised.—William J. Kirby, Credit Manager, Gilchrist Co., Boston, Mass.

I would recommend that during 1946 we adopt a sound community credit policy with flexibility enough to meet rapidly changing needs. Regulation W should be modified, but not to the point where it would encourage inflationary purchasing by consumers. More satisfactory service must be rendered to our customers, who have faithfully stayed with us during the war period.—H. W. Leonard, Credit Manager, Joseph Horne Co., Pittsburgh, Pa.

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The most important credit problem confronting the credit granter is the extension of credit to discharged servicemen and women, and to young men and women who have been in defense industries enjoying a large income. They are now confronted with the problem of unemployment or the resumption of their student activities in the high schools and colleges.—A. Littmann, Credit Manager, Gem Jewelry Co., Beaumont, Tex.

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One of the important problems confronting the credit granter in 1946 is to give some attention to the human problems of the applicant. Consideration of the customer made friends and paid dividends before. In the great changes about to occur let us not become calculating.—J. M. Martin, Credit Manager, Hurley-Tobin Co., Trenton, N. J.

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Credit executives in both large and small businesses must have a firm and definite credit policy and stick to it as closely as is consistent with good business. Every town, city, and village should have some well-thought-out community credit policy, and it should be the duty of those credit executives who are interested in sound credits to sell this policy to the other merchants of their community. Birmingham's credit policy has been made and approved by most of the merchants, and it will automatically begin operation when Regulation W terminates.—T. A. Nickel, Credit Manager, Bromberg & Co., Birmingham, Ala.

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The possible elimination of Regulation W is the most important credit problem in the year ahead. With severe shortages of all types of goods and housing, and a tremendous pent-up purchasing power, the inflationary threat is still serious. Credit policy must take into account that which is sound for the country as a whole, and should avoid over extension of credit.—I. Ruder, Credit Manager, Rich's, Atlanta, Ga.

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The biggest problem the credit executives will have for 1946, will be in granting credit to returning soldiers who were minors when they went into the service and never had an account in their name. These boys deserve every consideration, but the problem is to determine how large a line of credit they should be granted the first few months after their account has been opened. There are many who will apply for credit who are not employed, but are taking a much-needed vacation, and expect to go to work within the next month or two. There will be a number of problematical applications during the first part of 1946, so our wits should be sharpened and not dulled by sympathy.—Joel J. Pincus, Manager of Credit Sales, The Outlet Co., Providence, R. I.

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The most important credit problem in 1946 will be one of readjustment. After controls are lifted, and the easy-going era of Regulation W has been left behind, it will be our responsibility to use prudence and restraint in arranging terms.—G. G. Smith, Credit Manager, Hammond-Brown-Jennings Co., Spartanburg, S. C.

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Aggressive credit sales promotion should be the primary concern of every credit granter in 1946. Cash business will dwindle, and must be replaced by increased charge and installment volume. There will be a large demand for major appliances, house furnishings, radios, and particularly television, which will soon be America's most popular form of entertainment. Other important problems are: Mechanization and streamlining of all credit services to insure maximum customer service at minimum expense, restoring and retraining veteran credit personnel to their old jobs, and setting up sound terms and policies in the event of repeal of Regulation W.—R. M. Severa, Cash-Time Manager, R. H. Macy & Co., New York, N. Y.

(To be continued next month.)

CLEVELAND CONVENTION PLANS

AS CLEVELAND prepares for the third time to be host to the Annual Business Conference of the National Retail Credit Association, the Credit Women's Breakfast Clubs of North America, and the Associated Credit Bureaus of America, at the Hotel Statler, May 13-16, our thoughts turn to the origin of organized credit extension in this city.

The history of our progress is reflected in a study of local credit fraternity personalities, and in the minutes of the Credit Bureau of Cleveland, Inc. The first records reveal an exchange of ideas and information around a luncheon table in 1898. In June, 1900, 17 leading merchants petitioned the Cleveland Chamber of Commerce for permission to form a Retail Merchants Board of the Chamber of Commerce. This organization of store management continues today in its original form with Wm. H. Gray as President and Secretary.

Credit exchange matters were handled through an association until July, 1905, when the Cleveland Retail Credit Men's Company was incorporated, not for profit, to bring about a closer relationship among the members, and, through cooperation, to perfect a system of extending credit by using a more uniform method to protect the members against imposition, injustice, and fraud. These purposes have remained unchanged through the years. Among the early incorporators are Jay Iglauer, 1st Vice-President-Treasurer, Halle Brothers Co.; J. H. Johnson, who was with the Cleveland Gas Light and Coke Co., but is now in the credit department, Higbee Co.; W. J. McConnell, who was with M. Philipsborn Co., but is now Credit Manager, Stone Shoe Co.; E. J. Wolfe, who was with Kinney and Levan Co., but is

now in the credit department, The May Co. Men who were active in the early years of the association include William Hoffman, Credit Manager, Stearns Co.; J. G. Ost, Secretary, Cowell and Hubbard Co., and Treasurer, The Credit Bureau; and Wallis Slater, Wholesale Credit Manager, Sterling and Welch Co. Mr. Slater was formerly Retail Credit Manager, and is just completing 33 years' service.

The first location of The Credit Bureau was in the Garfield Building, which is the site of the National City Bank Building, our location since 1928. We have grown from a one-room office to over 10,000 square feet of office space, occupying the entire fifth floor of the building. Our staff has grown from under six to 200 persons who furnish about 30,000 reports per month. In 1905 there were 80 members; in 1946 there are 1,800.

In 1911 J. H. Johnson was President, and J. C. Bethel, Secretary. 1912 saw the installation of a Fraud File, and in 1929 a separate Protective Division was established. 1913-14 produced a reorganization and a closer relationship with the Retail Merchants Board. Basic rates were established, and a course on retail credits was sponsored. 1915-16 brought the New Arrival Report Service, and in 1934 incorporation papers were filed for The Credit Bureau of Cleveland, Inc.

Our credit women have been actively engaged in the credit fraternity. Present personalities and accomplishments will speak for themselves at the Conference. We await your visit with pleasure, and extend a cordial welcome to Cleveland and to our respective offices. —Gordon W. Gray, *Assistant Secretary*, Cleveland Retail Credit Men's Company, Cleveland, Ohio. ★★★

CLEVELAND
The Convention City
May 13, 14, 15 and 16

REACHED Minneapolis-St. Paul, early Thursday morning, September 13. President Earl E. Paddon joined me at Minneapolis and we went to St. Paul, where we attended a noon meeting of the St. Paul Retail Credit Association, at the St. Paul Athletic Club. Following short addresses by both of us on current conditions and the credit outlook, and the importance of adopting a community credit policy to take the place of Regulation W, there was a discussion from the floor.

Only a few calls were made (one on Fred W. Koch of Schuneman's, one of our most loyal members, who was a director in 1915-16-17-18-19), as it was necessary to return to Minneapolis in the early afternoon. We were driven back to the city by B. A. Mulligan, President of the St. Paul Association.

That evening we attended the fall "get-together" of the Minneapolis Retail Credit Association, at the Golden Valley Golf Club. It was strictly a social gathering, for which reason President Paddon and I spoke very briefly. On Friday noon we attended the weekly luncheon of the association. Most of the meeting was devoted to a discussion of the proposed community credit policy of the Minneapolis Association, which was practically complete, and was to be submitted to the retailers for their approval a few days later.

Friday afternoon Mr. Paddon and I participated in a radio broadcast. We referred to credit conditions in that section, and the fine job of credit education done by the Minneapolis Association, which has enabled Minneapolis for many years to hold first or second place in collection percentages.

Calls were made on M. A. Larson, The Baker Co., president of the association; and former National Directors Milton J. Solon, The Dayton Co.; Ben F. Collins, Warner Hardware Co.; and Miss Lily Person, Plymouth Furs, a Past President of the Credit Women's Breakfast Clubs of North America. Also called on P. H. Carr, Carr, Dolan & Hahn, a former Vice-President of N.R.C.A.; and Harry W. Hoklas, The Young-Quinlan Co.; for many years a strong supporter of the National Association and an alternate national director.

Left for St. Louis at 5:00 o'clock, and arrived home about 8:30 the morning of the 15th, after an absence of slightly more than two months.

Attended the annual meeting of the Retail Credit Managers Association, Louisville, at the Kentucky Hotel, on the evening of October 18. The meeting was well attended, and my talk was largely on postwar credit, the outlook for increased volume, and the problems confronting the credit executive. The Louisville Association is older than the National Retail Credit Association, having been organized in 1907. The meeting was presided over by Vice-President Joseph Russell, Levy Brothers, who was elected president that night. President W. H. Smythe, Stearns Coal Co., was in the Armed Services most of his term, and Mr. Russell carried on in his absence.

Following the meeting there was a friendly poker game which lasted until midnight, and, as usual, I contributed \$4.00 or \$5.00.

Calls were made on Alma Spiller, Byck Bros. & Co., first president of the Louisville Breakfast Club; J. Hardin Ward, Stewart Dry Goods Co.; J. A. Barnes, Louis Appel Co.; George Kraft, Sales Furniture Co.; Joseph Russell, Levy Brothers; and H. J. Crouch, Kaufman-Straus Co., Vice-President of District 5, N.R.C.A.

Was delighted to learn that V. V. Burns, formerly credit

manager, had been promoted to the position of superintendent of Sears-Roebuck & Co.

Returned to St. Louis on the morning plane (two hour ride) October 19.

Left by plane for Columbus, Ohio, Sunday afternoon, October 27. On Monday morning I addressed the Ohio Retail Grocers' and Meat Dealers' Association, an association of over 4,000 members, at the Deshler-Wallick Hotel. Understood registrations exceeded 500, and the delegates were very attentive.

On Tuesday evening I addressed the Columbus Association at the Southern Hotel. The meeting was well attended and was presided over by Mrs. Beryl Barnes, The Bradford-Husch

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Co., chairman of the group, on whom I had previously called. Calls were also made on the following: Allen Gundersheimer, President, The Fashion, and President, the Credit Bureau; Pierre D. Hale, Manager, Retail Merchants Credit Bureau; Miss M. L. Visintine, the Retail Merchants Credit Bureau; S. L. Weisskerz, The Union Co., one of the outstanding sales promotion men in credit work; John Varley, Roberts Cloak House, who will be chairman for the coming year; Harry S. Hahn, Ohio Fuel Gas Co., one of our most active members in Ohio, who was chairman of the Public Utility Group meeting of seven or eight states, held in St. Louis, October 10-11; and Norman Smith, F. & R. Lazarus Co., who, in addition to handling credits and collections, is now responsible for the accounts receivable department. The cycle billing installation, which had been completed not many months before my visit, has proved very satisfactory. Customer reaction has been excellent, and Mr. Smith is not only pleased with results to date, but enthusiastic regarding possibilities for the future. Also called on Mrs. L. M. Fidler, The Fashion Co., who in addition to doing an efficient job as credit manager, supervises the accounts receivable department. She has a very excellent layaway operation, which will be explained in an article for The CREDIT WORLD as soon as Mrs. Fidler has time to prepare it.

Was interested in the results of a bonus plan of The Union Co. as explained by Mr. Weisskerz. He stated that prior to the adoption of the plan, bills went out on the 6th or 7th of the month. For the four months prior to my visit, all bills were in the mail on the 1st of the month. This resulted in a 3 per cent increase in collections the first ten days of the month of October, 1945, as compared with 1944, 2 per cent in September, and 2 per cent in August.

A bonus of \$25.00 is paid to each biller if all bills are out on the 1st of the month, \$10.00 if on the 2nd of the month,

Spent Wednesday, October 31, in Dayton, and while a general meeting could not be held, we did have a successful "get-together," at which the key credit executives were present. It was my first opportunity to get well-acquainted with Earl H. Weber, General Manager, The Credit Bureau of Dayton, and I predict that he will eventually have an outstanding National Unit in Dayton. He was for many years manager of the Dayton Office of the Bradstreet Co., and one of the most successful managers of that company.

Debtors referred to the credit bureau are requested to fill in a form, which is headed "Request for Personal Credit Record to the Springfield Credit Bureau," which is reproduced below.

Left for Cincinnati at 6:50 Friday morning, where a meeting was scheduled for noon at the Cincinnati Club. Twenty-odd key credit executives were present, which was good, considering that it was Friday, November 2nd. President R. A. Swink, the Doctors' Service Bureau, Inc., presided.

Always like to call on my old friend Harry Timmer of Alms & Doepke Co., but the store is some distance from the retail shopping district and time did not permit. He was, however, at the luncheon.

Indications are that Ohio will have a splendid attendance at our 32nd Annual Business Conference in Cleveland, May 13-16, 1946.

My next city in Ohio was Springfield, where a night meeting was held at the Shawnee Hotel on Thursday. There were approximately 100 present. Following my talk on postwar credit there was a general discussion from the floor.

During the day calls were made on E. P. Schmidt, Secretary-Treasurer, Morris Plan Bank, and president of the Credit Granters Association; Roy H. Clark, President, and Owen Harrison, Cashier, First National Bank; Arthur M. Bishop, Secretary and Controller, The Edward Wren Store; Jesse A. Stewart, Credit Manager and Assistant Manager,

If you have had a dispute with some creditor, tell us the facts and your side will be promptly recorded. It's our business to see BOTH sides. We want to keep the most accurate records possible, and you can help us. Our Credit Bureau does NOT give opinions; it does NOT make ratings; it does NOT approve or disapprove credit. It merely records and reports your credit actions. Our credit reports are built on facts and if you can add new facts or correct any information, it will be appreciated.

This official Credit Bureau of the Associated Credit Bureaus of America sends your credit record on request to any place in the United States, Canada or foreign countries. We are interested in helping those who are worthy of credit to obtain it promptly and to aid those whose credit may have been impaired to re-establish themselves.

My name is _____

Wife or husband's name _____

Present address _____

Present Address _____
Sent from _____

Sent from _____
My rent is \$ _____ I owe for rent \$ _____

My rent is \$_____ I owe for rent \$_____
Home address _____

Former address _____
 Husband employed at _____ How long _____

Husband employed at _____ How long _____
Average income _____ When _____

Average income _____ Wkly _____ Mthly _____
 Wife employed at _____ Has kids _____

Wife employed at _____ How long _____

Average income _____ Wkly _____ Mthly _____

Own auto _____ What make _____

DEPENDENTS

BOY	GIRL	AGE
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Ever in trusteeship _____ Date _____

Ever bankrupt _____ Date _____

ACCOUNTS NOW OWING

Creditor	Amount	Paid Up To Date	Past Due

GIVE BELOW A LIST OF ACCOUNTS PAID IN FULL

Creditor	Amount	Paid as Agreed Yes No
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MERCHANDISE EVER RETURNED

Creditor	Article Returned

Date _____

CREDIT WORLD 17
FEBRUARY, 1946

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CREDIT FLASHES

W. S. Martens Resigns from Carson-Pirie-Scott

W. S. Martens has resigned as credit manager of Carson-Pirie-Scott & Co., Chicago, Ill., after 15 years in that post. Mr. Martens, a past chairman of the credit management division, and formerly a director of that division of the N.R.D.G.A., is a past president of the Associated Retail Credit Men of Chicago, and has lectured at Northwestern University. His plans are not definite, but he expects to make use of his accounting and credit experience. He has been a member of the bar for over 20 years. His successor has not been named.

Annual Meeting at Great Falls

The annual elk steak dinner of the Retail Credit Association, Great Falls, Montana, was held recently in the banquet room of the Paris Restaurant. The elk was killed by Byron DeForest, Secretary of the Association. New officers elected were: President, Walter J. Johnson, Duval-Wallace Hardware & Furniture Co.; Vice-President, A. J. Hedensten, Montgomery-Ward & Co.; Treasurer, L. F. Curry, First National Bank; and Secretary, Byron DeForest, Great Falls Credit Exchange.

John J. Valentine in New Position

John J. Valentine has been appointed executive secretary of the Memphis Associated Retailers, Memphis, Tenn., succeeding T. A. Robinson, who has been ill for some time. Mr. Valentine has been credit manager of Goldsmith's, Memphis, for many years. Mr. Robinson will continue in an inactive status.



William H. Butterfield

Beginning with this issue of **THE CREDIT WORLD**, William H. Butterfield will have charge of our Credit Department Letters Section as well as our Better Letters Service. He is Chairman of the Department of Business Communication at the University of Oklahoma, and a graduate of the Universities of Nebraska and Oklahoma. He has completed graduate work at Pennsylvania, Columbia, and Harvard Universities. Mr. Butterfield is a past president of the American Business Writing Association, and at present a member of the Board of Directors. He has published eleven books on the subject of business letters and has two manuscripts in process which will be published in the Spring. In addition to his numerous books and articles he has also prepared credit letters that have produced excellent results for many retail stores throughout the United States. He is a member of Phi Beta Kappa, other social, commerce, journalism societies, and the Rotary Club. As a nationally recognized authority on business letter writing we welcome him as a member of our staff.—ED.

Coming District Meetings

District One (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, Quebec, Canada, and Nova Scotia, Canada) will hold its 25th annual conference at the Hotel Kimball, Springfield, Mass., June 12 and 13, 1946.

District Two (New Jersey and New York) will hold its annual meeting in conjunction with the Columbia Regional Conference, New York, N. Y., February 11 and 12, 1946.

Districts Three and Four (Florida, Georgia, North Carolina, South Carolina, Alabama, Louisiana, Mississippi, and Tennessee) will hold their annual meeting March 18, 19, and 20, 1946, at the Hotel Charlotte, Charlotte, North Carolina.

District Five (Kentucky, Michigan, Ohio, and Ontario, Canada) will hold its annual convention in conjunction with the 32nd Annual Conference and Credit Sales Forum of the National Retail Credit Association, Statler Hotel, Cleveland, Ohio, May 13, 14, 15 and 16, 1946.

District 6 (Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Manitoba, Canada, and Superior, Wisconsin) will hold its annual meeting March 17, 18, and 19, 1946, at the Fort Des Moines Hotel, Des Moines, Iowa.

District Seven (Arkansas, Kansas, Missouri, and Oklahoma) will hold its annual meeting at the Marion Hotel, Little Rock, Arkansas, February 18, 19, and 20, 1946.

District Twelve (Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia) will hold its annual meeting in conjunction with the Columbia Regional Conference, New York, N. Y., February 11 and 12, 1946.

Wm. H. Springer Resigns from Russeks

Wm. H. Springer, Credit Manager of Russeks, Chicago, Ill., has resigned after more than two years in that post. His future plans have not been announced. Mr. Springer was secretary of the L. Klein store in Chicago for three years, and previously was credit manager of the Davis Store for twelve years. Before that he was with Marshall Field & Co. He is an alternate national director of the N.R.C.A., and was an alternate director of the N.R.D.G.A. credit management division for the past two years.

Make Hotel Reservations Now

You should make your reservation for a room now for the 32nd Annual Conference of the N.R.C.A. to be held in Cleveland, May 13-16. The Hotel Statler will be the official headquarters.

Position Wanted

Credit Bureau Manager in city of 50,000 to 100,000 population. Age 42, eighteen years' experience in credit bureau operation, collection department, personnel and merchants association problems. Now employed. Full details available.—Box 621, **THE CREDIT WORLD**.

Credit Careers

CHRIS JENSEN

CHRIS JENSEN has recently completed his twenty-fifth year as credit manager, Crews Beggs Dry Goods Co., Pueblo, Colorado. He entered their employ in 1914 as a bookkeeper, and held that position until 1917 when



he entered military service, and served overseas in World War I. He returned to the United States in 1919 and was given his job as bookkeeper; however, he was soon appointed assistant to the credit manager. In 1921 he was appointed credit manager of the company, and he has held that position continuously since that time. He is a Director of District 9 of the N.R.C.A., and

has served as an officer in his local Credit Association.

Mr. Jensen is a stockholder in his company and a member of the board of directors. He has established a record in credit work that anyone in a similar capacity would be proud of. The credit department has had a continuous increase in both volume and number of accounts during depressions as well as during good times. In all his years with Crews Beggs, they have never sustained a loss on bad accounts that has exceeded one-tenth of one per cent of the volume of charge sales. This record has been accomplished without a collection manager or a collection department.

We extend our sincere congratulations to Mr. Jensen for having completed twenty-five years of such commendable service in the credit profession.

January CREDIT WORLD Delayed

You were late in receiving the January CREDIT WORLD last month as a result of the truck drivers' strike here in St. Louis. The entire issue was ready to be mailed on our scheduled date (January 5); however, the printer was unable to deliver it to the St. Louis Post Office because of the strike. We were not able to have it delivered to the Post Office until Friday, January 18. Pictured below are some of the mail sacks, filled with the January issue, waiting to be taken to the Post Office.



RECENT ELECTIONS...

Austin, Texas

The Associated Retail Credit Men of Austin have elected the following officers and directors to serve for the ensuing year. President, Pete Alsup, Frank Knight Tire Co.; Vice-President, J. N. Casparis, Austin National Bank; Treasurer, Mrs. Lois Huey, Motor and Industrial Loan Co.; and Secretary-Manager, Horace C. Barnhart, Associated Retail Credit Men of Austin. Directors: G. L. Anderson, Capitol Chevrolet Co.; Ina Ferris, Yarings; Mrs. Ruth Lastinger, Leon's Slipper Shop; Julius Schutze, Jr., Austin Laundry and Dry Cleaning Co.; Carl Edward Bock, Calcasieu Lumber Co.; and R. L. Whitaker, Carl Mayer Jewelry Co.

Seattle, Washington

The following officers and directors have been elected by The Retail Credit Association of Seattle. President, D. D. Minnock, Continental, Inc.; Vice-President, R. T. Wright, Seattle First National Bank, Metropolitan Branch; Secretary, Edwin Anderson, Shell Oil Co.; and Treasurer, Lyman Buzzard, The Retail Credit Association of Seattle. Directors: Wendell Sizemore, National Bank of Commerce; Vernon Rasmussen, Evergreen Cemetery Co.; Vance Tjossem, Pioneer Sand & Gravel Co.; Chas. A. Joslyn, and Ken E. Murcock, Sherman Clay Co.

Tulsa, Oklahoma

Samuel Minsky, Oklahoma Tire & Supply Co., was installed as chairman of the Tulsa Retail Credit Association at a recent meeting in Tulsa, Oklahoma. J. C. Rayson, Retail Merchants Association, is secretary, and the advisory board, named by O. L. Prather, President, are: Earl Beard, National Bank of Tulsa; Thelma Bridges, Vandever's; C. C. Crowe, Public Service Co.; C. H. Froehle, First Banccredit Corp.; J. S. Goepfinger, Shannon Furniture; Claude Hale, Clarke's Clothing; Julian Harris, Street's; Nadine Iola, Field's Apparel; Marion Leleu, Brown-Dunkin Co.; J. R. McKee, Palace Clothiers; Margaret Mayo, Woolf Bros.; Samuel Minsky, Oklahoma Tire & Supply Co.; Maxine Parker, Lewin's; Joe Parker, First National Bank; Ruth Proctor, Clark-Darland Hardware; J. C. Rayson, Retail Merchants Assn.; Audrey Savage, Dorothy's Shop; H. R. Stuart, Sears-Roebuck & Co.; and Myrl VanZant, Mayo Furniture.

Wichita, Kansas

Lee Lewis, Lee Lewis Finance Company, was elected president of the Wichita Retail Credit Association at a recent meeting. Other officers elected were: 1st Vice-President, Warren B. Jones, Jones-Purdy Real Estate Co.; 2nd Vice-President, Earl B. Moon, Packard Wichita Motor Company; and Secretary-Treasurer, Charles Rogers, Henry's. The directors for the coming year are: Dr. G. E. Tilton, Dentist; G. Wayne Pendergast, Mueller's; Walter Anderson, Southwestern Electrical Co.; Harry Low, Low Printery; and Royce Sehnert, Wichita Eagle. Charles E. Waggoner was re-elected to serve as Manager of the Association.

CREDIT DEPARTMENT

Letters

W. H. BUTTERFIELD

OF THE ENTIRE PERSONNEL of a retail store, those who write the letters of its credit department have the greatest opportunity to build strong public relations by mail. Each day credit department letters go to many customers and prospective customers—letters granting and declining charge privileges, asking for payment of past-due accounts, offering credit facilities, expressing thanks for patronage, explaining credit policies, making adjustments, and inviting renewed use of inactive accounts. Each one of these letters mailed by the credit department influences the reader's attitude toward the firm. Either it builds consumer confidence and good will—or it does not! Whatever its purpose, the message should be friendly, constructive, and convincing—it should reflect credit upon the concern it represents.

The function of "Credit Department Letters" is not only to bring you letter specimens in current use by successful business houses, but to point the way to higher standards of credit correspondence. In the future, therefore, these columns will analyze both the strong points and the weak spots in the letters which appear on the opposite page. The purpose will always be constructive; the goal, *better credit letters!*

This Month's Illustrations →

✓ *Illustration No. 1*, used by The Union, Columbus, Ohio, and signed by Robert K. Levy, is an effective credit promotion letter. Though suitable for mailing to all charge customers, the message is especially well suited to inactive accounts. It combines a strong merchandise appeal with an offer of convenient personal shopper service, and reminds the reader that her charge account is ready and waiting to be used. The cordial tone of the message and the emphasis on service to the customer make the letter seem more like a thoughtful courtesy than a promotional device, which is exactly the kind of approach that makes promotion letters effective.

Illustration No. 2, used by Fairweather, Limited, Toronto, Canada, and signed by Miss J. Gould, makes a favorable impression despite its use of a weak participial construction in its closing sentence. The letter builds good will by expressing appreciation for the customer's use of a budget account. At the same time it outlines clearly the proper procedure in making payments on this type of account—a wise precaution to prevent misunderstandings and past-due accounts. A considerable saving of words could be made by recasting the second paragraph, which contains 80 words. The following paragraph conveys the same information in 56 words: "Enclosed is a copy of the agreement covering your recent purchase. It is not our practice to send our customers advance notices of the maturity of pay-

ments, since the due dates and amounts appear clearly on the contract. Payment can be made either by mail or in the Budget Office conveniently located on our Mezzanine floor."

Illustration No. 3, used by Tru-Fit Clothes, Baltimore, Maryland, and signed by M. Jones, Credit Manager, deals with the delicate problem of declining credit. It begins effectively by "getting in step" with the reader through an expression of appreciation. The second paragraph declines the request for credit, inviting the customer to call if he wishes to discuss the matter. This evidence of willingness to give the case further consideration helps to make the reader feel that he has been treated fairly. This paragraph, however, contains two definitely negative suggestions. The words "we find we are unable to draw a favorable conclusion" clearly imply that the firm has drawn an unfavorable one; and the statement "if you feel that our action is unwarranted" suggests that the store may have acted arbitrarily in rejecting the credit application.

★ *Illustration No. 4*, used by the Hudson's Bay Company, and signed by G. N. Abbott, Credit Manager, is the type of thoughtful, unexpected letter that always comes as a pleasant surprise to the reader. In this instance the message was tied up nicely with the first peacetime holiday season in five years. It made the most of its unusual opportunity to express thanks for customer cooperation during the difficult war years. It also impressed readers with the firm's interest in serving them efficiently in the future. Inviting the customer's suggestions about improvements in service always pleases him—even if he has no suggestions to offer.

Illustration No. 5, used by J. Goldsmith & Sons Company, Memphis, Tennessee, and signed by J. J. Valentine, extends credit privileges and emphasizes the advantages of a charge account. The letter presents convincing reasons why a Goldsmith account will be a real convenience to the customer, and expresses a cordial welcome to the new credit patron. By means of a postscript, it leaves the reader thinking about an enclosure that might otherwise be overlooked—an effective means of directing the customer's attention from the letter to the enclosed material. The readability of this message could be improved through the use of shorter paragraphs and fewer words. For example, the opening paragraph could be reduced from 58 words to 42 words, without any sacrifice in clearness or tone quality, in this manner: "We are happy to tell you that your charge account is ready for use. For your convenience a Personal Shopping Service is maintained to assist you in shopping by mail or telephone. The Service personnel will welcome an opportunity to help you." ★★★

THE UNION

HOME OF QUALITY

S. M. LEVY
CHAIRMAN OF BOARD

COLUMBUS 18, OHIO

With a hint
of Fall in
THE AIR

①

Fall - 1946

Dear Mrs. Crowder:

You are, no doubt, thinking of wearing apparel — something new — something beautifully tailored — something cheerful.

Everything that you are looking for can be found at The Union. Our stocks of coats and suits in the latest new muted shades in soft shetlands and velvets are most fashionable this season.

To complete your Fall ensemble, we have a beautiful assortment of bags, gloves, hats, and shoes.

Dresses at The Union are new and chic. Made in entirely new drapery silhouettes, they present a **REAL** on your shopping list. If you are style-minded, you are "Union" minded.

Your charge account is open and available for your immediate use. If it is inconvenient to come to the store, we are so far away from your telephone. Jean Adair of our shopping service will send you what you want.

It will be a pleasure to serve you.

Cordially,

Robert E. Levy
Robert E. Levy

REL-h

Fairweather

88 . 00 . YONGE . STREET
TORONTO

②

December 24, 1945

Mr. H. N. Mooney
1946 Canadian Avenue
Toronto, Canada

Dear Mr. Mooney:

It is a pleasure to extend to you the convenience of a FAIRWEATHER budget account. For many years it has been the constant endeavour of this organization to serve satisfactorily the women of Ontario. We appreciate the opportunity of presenting the same service to you.

Enclosed you will find a copy of the agreement covering your recent purchase. We would like to point out that it is not our practice to send advance notices to our customers regarding the maturity of the payments. The due dates and amounts appear clearly on the contract and payment can either be made in the Budget Office which is conveniently located on the Mezzanine floor of our shop, or if you prefer, you may send your remittance by mail.

Assuring you of our appreciation of the pleasure of serving you, we are

Yours truly,
FAIRWEATHER Limited,

J. Gould
J. Gould (Miss)
Credit Department.

JO:MR
Enc. 1.

TORONTO'S FINEST SPECIALTY SHOP

TRU-FIT Clothes



BALTIMORE-1, MD.

607-868 E. BALTIMORE ST.
BALTIMORE, MD.
184 W. BALTIMORE ST.
BALTIMORE, MD.
Ladies Apparel
3915 EASTERN AVENUE

January 3, 1946

Mr. George M. Jones
1946 Watson Street
Baltimore, Md.

③

Dear Mr. Jones:

Thank you very much for your recent application regarding a charge account. We certainly do appreciate the preference you have shown our store.

In reviewing the information received, we find we are unable to draw a favorable conclusion allowing us to accede to your request at present. Of course, we realize that often these matters, when talked over, become trifles of no importance, and if you feel that our action is unwarranted, we would be happy to have you call to see us.

Meanwhile, we know you will enjoy shopping in all our departments and we hope you will use our layaway plan often.

Very truly yours

TRU-FIT CLOTHES

M. Jones
M. Jones
Credit Manager

Hudson's Bay Company

INCORPORATED 27th MAY 1870

④

At this time of year it is pleasant to remember old friends and to say "Thank you sincerely for your good-will toward us and confidence in our credit services."

We have always valued our charge account customers, but never more than in the past two or three years. Despite inconveniences caused by merchandise scarcities and wartime restrictions, your understanding and willing co-operation have earned our deep appreciation.

May we remind you that Bay credit facilities are meant for your convenience . . . and any suggestions for improvements will be welcomed.

Yours faithfully,

For the HUDSON'S BAY COMPANY

G. N. Abbott

CMA-h

G. N. ABBOTT,
Credit Manager

J. GOLDSMITH & SONS COMPANY

MEMPHIS, TENNESSEE

November 26, 1945

Miss Gertrude Lynch
427 South Parkway East
Memphis, Tennessee

⑤

Dear Miss Lynch:

It gives us a real pleasure to advise you that your charge account has been opened and is ready for use. For your added pleasure a PERSONAL SHOPPING SERVICE is maintained for the assistance of our customers who find it more convenient to shop by mail or phone. The SERVICE employees will appreciate an opportunity of helping you.

The enclosed Charge-Plates are for your convenience in shopping in the store. Incidentally, Goldsmith's is the only Memphis store which offers you this modern shopping convenience. A visit to Goldsmith's will prove that, along with its superb service facilities, you will find its merchandise to be the latest in fashion, and the finest in quality.

Please feel that this is your store, and let us serve you often.

Yours very truly,
J. GOLDSMITH & SONS COMPANY

JJV-h

J. Valentine
J. Valentine

P. S. Please read the following pages for further information on your Charge-Plate - you will find it brief and interesting.

Business Conditions and Outlook

• For the Eighth Time the New Year Begins with Business at Higher Levels •

BUSINESS HAS declined in recent months but at the start of the new year the volume is still a little higher than it was a year ago. The general level is over two and one-half times higher than it was in the prewar years and the postwar drop since August has been considerably less than was expected. In spite of work stoppages in several important industries, the current trend in trade is quite favorable and the prospects are that business activity will be maintained for some time at levels much above the prewar rates.

FOR THE EIGHTH consecutive year, the combined volume of production and trade as measured by financial transactions has been higher in the last month than it was at the beginning. The increase this year, however, has been the smallest of the entire period. This extended expansion of business has extended far longer than usual, even more than the five years of rising business activity after the low point in 1932 and also longer than the sustained period of prosperity in the 1920's. The usual pattern of industrial fluctuations is two years of expansion and one year of contraction. War expenditures have upset the normal patterns of change and many readjustments may be necessary before normal conditions and trends will be restored.

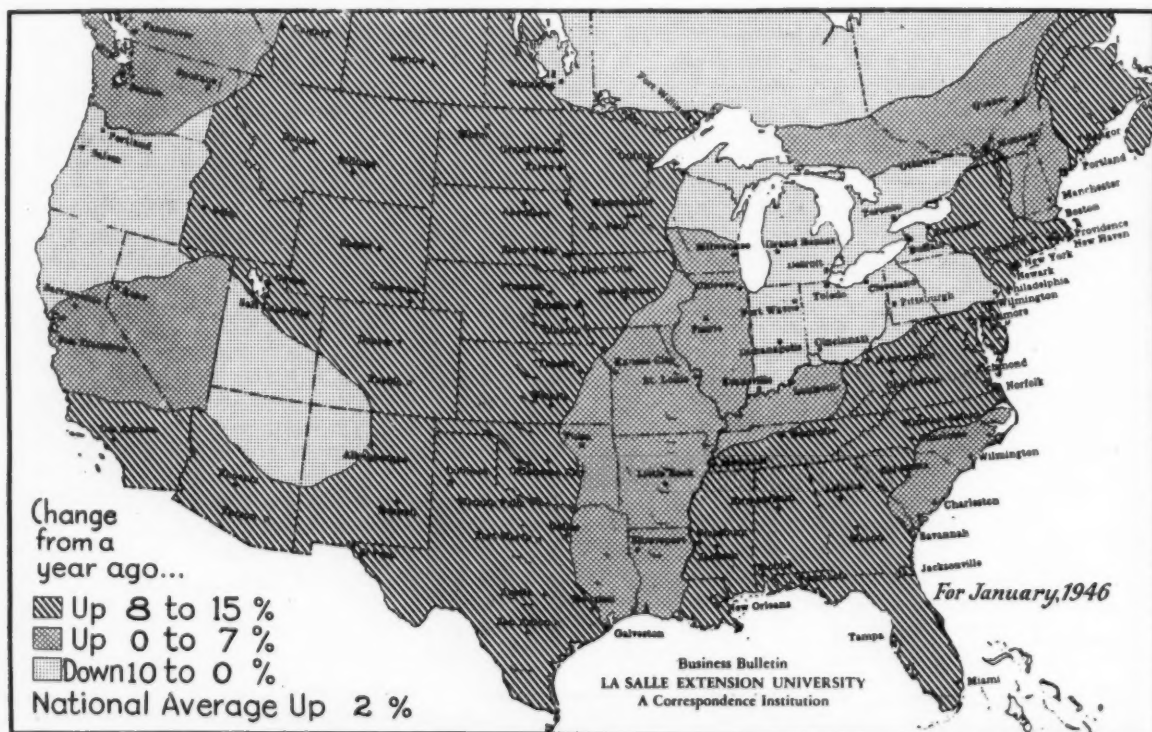
THE VARIATIONS among different sections of the country are far different from what they were at the beginning of last year. The LaSalle Map shows that the greatest gains over a year ago have been made in the agricultural regions and that in many industrial centers business is

lower than it was last year. As compared with prewar, however, both production and trade have advanced more in the major industrial areas. Both these comparisons are most strikingly indicated in the industrial region around the Great Lakes.

BUSINESS IS somewhat spotty along the Atlantic Coast, although in a few places activity is below the national average. In several districts, as around New York, Washington, and in the South it is much above. Rising farm income as well as a booming winter tourist business has helped maintain business volume throughout the southern states. The prospects are that the volume will continue to be high for an indefinite period.

THE OTHER MAJOR section of the country in which business is much better than average as compared with a year ago is the agricultural regions of the Middle West, the states east of the Rocky Mountains, and most of the Southwest. Business has been lagging slightly in the petroleum producing districts but even in those the level has been maintained at about the national average.

BUSINESS IN CANADA is following the same trends as in the United States with the activity in industrial regions lagging while it is holding up well in the agricultural districts where the war expansion was not so great. Fairly large farm income and the much-above-normal consumer demand will help keep the volume of trade and industry at a high level.—**BUSINESS BULLETIN**, La Salle Extension University, Chicago, Ill.





MONTHLY CREDIT STATISTICS

Culled from *Federal Reserve Bulletin* of the Federal Reserve System
by the Research Division, National Retail Credit Association

CONSUMER CREDIT outstanding increased during November by 296 million dollars, or about 5 per cent. The total amount outstanding at the end of the month was estimated at 6,288 millions, the highest level since December, 1942.

Installment loans outstanding increased further during November, and at a somewhat more rapid rate than in other recent months. At the end of November, the amount outstanding was nearly one-fifth higher than a year earlier.

Installment credit outstanding on automobile sales continued to increase for the sixth consecutive month, and on November 30, was somewhat above the corresponding date of 1944. Other instalment sale credit outstanding rose 7 per cent during November, ordinarily a month of little change, and remained slightly above year-ago levels.

Charge account indebtedness, which usually increases in November, showed a 10 per cent gain, and at the close of the month was 164 millions larger than a year earlier.

Ratio of Collections to Accounts Receivable¹

MONTH	INSTALMENT ACCOUNTS				CHARGE ACCOUNTS
	DEPARTMENT STORES	FURNITURE STORES	HOUSEHOLD APPLIANCE STORES	JEWELRY STORES	
1941					
December	20	11	12	23	46
1942					
June	22	14	13	22	56
December	31	18	15	30	65
1943					
June	29	21	21	33	62
December	35	22	22	55	63
1944					
January	30	20	22	31	61
June	31	24	28	30	63
December	36	23	39	49	61
1945					
January	32	21	34	31	61
February	30	21	32	30	61
March	36	24	36	33	66
April	30	22	36	30	62
May	32	23	40	33	64
June	32	23	43	33	64
July	31	24	42	31	62
August	33	23	48	31	63
September	35	23	49	30	63
October	40	27	52	31	66
November	39	27	52	33	67

¹Ratio of collections during month to accounts receivable at beginning of month.

TOTAL CONSUMER CREDIT, BY MAJOR PARTS

[Estimated amounts outstanding. In millions of dollars]

END OF MONTH OR YEAR	TOTAL CONSUMER CREDIT	TOTAL INSTALMENT CREDIT	INSTALMENT CREDIT				SINGLE- PAYMENT LOANS	CHARGE ACCOUNTS	SERVICE CREDIT
			SALES CREDIT			LOANS			
			TOTAL	AUTOMOTIVE	OTHER				
1941-----	9,499	5,921	3,747	1,942	1,805	2,174	1,204	1,764	610
1942-----	6,165	2,932	1,494	482	1,012	1,438	1,072	1,513	648
1943-----	5,158	1,939	816	175	641	1,123	1,034	1,498	657
1944									
January-----	4,818	1,836	745	169	576	1,091	996	1,294	692
June-----	4,945	1,826	707	192	515	1,119	1,033	1,370	716
December-----	5,790	2,083	836	200	635	1,247	1,220	1,758	728
1945									
January-----	5,481	2,013	778	192	574	1,235	1,206	1,528	734
February-----	5,326	1,968	743	186	557	1,225	1,188	1,432	738
March-----	5,576	1,992	732	184	548	1,260	1,181	1,662	741
April-----	5,443	1,989	724	184	540	1,265	1,212	1,500	742
May-----	5,498	2,006	720	184	536	1,286	1,260	1,488	744
June-----	5,649	2,036	720	188	532	1,316	1,324	1,544	745
July-----	5,592	2,036	713	192	521	1,323	1,346	1,459	751
August-----	5,588	2,034	706	196	510	1,328	1,359	1,441	754
September-----	5,637	2,053	717	202	515	1,336	1,358	1,470	756
October-----	5,932	2,129	754	210	544	1,375	1,380	1,666	757
November-----	6,228	2,234	802	219	582	1,432	1,408	1,828	758

CONSUMER INSTALMENT SALE CREDIT, EXCLUDING AUTOMOTIVE

[Estimated amounts outstanding. In millions of dollars]

END OF MONTH OR YEAR	TOTAL EXCLUDING AUTO-MOTIVE	DEPARTMENT STORES AND MAIL-ORDER HOUSES	FURNITURE STORES	HOUSEHOLD APPLIANCE STORES	JEWELRY STORES	ALL OTHER RETAIL STORES
1941	1,805	469	619	313	120	284
1942	1,012	254	391	130	77	160
1943	641	174	271	29	66	101
1944						
January	576	158	248	24	55	91
June	515	138	237	15	44	81
December	635	184	269	13	70	100
1945						
January	574	172	249	12	61	92
February	557	163	240	11	54	88
March	548	163	238	11	50	86
April	540	159	237	11	48	85
May	536	155	238	10	48	85
June	532	151	237	11	49	84
July	521	146	235	11	47	82
August	510	142	232	11	45	80
September	515	144	235	11	44	81
October	544	156	247	11	44	86
November	583	171	261	12	47	92

DEPARTMENT STORE SALES BY TYPE

(Percentage of total sales)

YEAR AND MONTH	CASH SALES	INSTALMENT SALES	CHARGE-ACCOUNT SALES
1941—January	49	8	43
December	53	6	41
1942—June	56	5	39
December	61	5	34
1943—June	60	4	36
December	65	4	31
1944—January	64	4	32
June	63	3	34
December	64	4	32
1945—January	63	4	33
February	63	4	33
March	63	3	34
April	62	3	35
May	62	3	34
June	63	3	34
July	66	3	31
August	65	4	31
September	63	4	33
October	63	4	33
November	62	4	34

Sales
Promotion

Interviewing

Investigating

Authorizing

Billing

Collections

Control

The CREDIT Clinic

Conducted by ARTHUR H. HERT, Research Director

A "give-and-take" page,
wherein readers may ask
— and answer — ques-
tions about their credit
and collection problems
and solve them in the
laboratory of practical
experience...

The Question

What is your policy regarding limits placed on employee charge accounts at the present time?

The Answers

Austin, Tex.: We have a policy of placing a limit on employee charge accounts not exceeding two weeks' salary. We require a three months' period of service before we open an account for an employee, except in those cases where we have served a member of his immediate family through the medium of a charge account. In these cases, if the employee is a minor, we secure the guarantee of his parent.

★ ★ ★
Boise, Idaho: Our employee accounts are largely controlled by the employees themselves, as all charges are deducted from their pay roll each month. Our credit policy is general, as we have a small pay roll and our employees stay with us for long periods of time.

★ ★ ★
Birmingham, Ala.: We have two types of employee's accounts. We allow an employee who has been with us a short time to charge on a pay roll deduction account, and try to hold purchases to not exceed one week's salary. After an employee has established a credit rating he may open a thirty-day account with a limit that corresponds to his credit rating.

★ ★ ★
Cincinnati, Ohio: We ignore the fact that the individual is an employee and open the account on the basis of his past performance. In lieu of credit experience we check with the personnel department to ascertain the permanency of his position. The limit on the account is established on the same basis as the account itself; previous credit experience.

★ ★ ★
Des Moines, Iowa: We make no distinction between regular accounts and employee accounts except in the signal used on Kardex. All employees use a special Charga-plate, and all accounts must be OK'd by the office.

★ ★ ★
Denver, Colo.: We have recently installed a cycle billing system, and in doing so we put all the employees on the same basis as our regular customers. They receive their bills once a month, and are expected to pay them according to Regulation W.

★ ★ ★
Detroit, Mich.: Employees' accounts are handled exactly the same as any other account. The limit placed on them depends upon earnings as compared with expenses.

Knoxville, Tenn.: Since we are in the furniture business, we usually have a contract basis for each purchase. When these accounts are handled by the individual, a limited number are placed on pay roll deduction. In addition to these, about 25 per cent of our employees are on open charge bases, and are required to handle accounts in unlimited amounts in accordance with Regulation W.

★ ★ ★
Los Angeles, Calif.: If employees have been with us for a short time, we do not allow their charge accounts to exceed an amount equal to one week's salary. If installment payments are desired we usually allow them, providing they are made regularly and of sufficient amount. Those employees who have been with us a greater length of time and are considered permanent are permitted credit up to any reasonable amount. While we do not like payments to drag along for any unreasonable length of time, we are quite flexible in the matter of terms. Of course, restrictions embodied in Regulation W apply at all times.

★ ★ ★
New York, N. Y.: We limit all employee charge accounts to the equivalent of two weeks' salary, and payment of all accounts is required in full in accordance with Regulation W.

★ ★ ★
Phoenix, Ariz.: Our policy requires a waiting period of ninety days from the date of employment before employees are eligible for the charge privilege. They are then allowed to charge the equivalent of two weeks' salary. The amount owing at the end of any month is deductible in full from the semimonthly pay roll on the first of the second month following. The only exceptions are department managers and other store executives whose accounts are not subject to pay roll deductions unless they fail to pay them voluntarily in the same manner as provided for under Regulation W.

★ ★ ★
Pittsburgh, Pa.: The limit on employee accounts depends upon the income of the employee and the number of buyers who are to use the account. Our policy is flexible, offering the amount of credit which the employee is able to take care of in accordance with regular charge account terms.

★ ★ ★
Portland, Ore.: Extra employees are allowed a discount, but they must pay cash for purchases. A house deduct account may be opened by any employee who has been on the permanent pay roll for one month, but the account is limited to \$25.00, or the amount of salary earned. Executives, department heads and assistants, and

any other employee on the permanent pay roll may apply for a house non-deduct account. These applications are cleared through the credit bureau, and rated the same as any customer's account. Statements are directed to them each month, and are payable during that month. If not paid by the 10th of the following month, they are in default under Regulation W. On deferred payment accounts, such as contracts and coupon books, applications are cleared through the credit bureau, and all payments are on a salary deduct basis.

★ ★ ★

Providence, R. I.: Employees are not permitted to have a regular account with the exception of department managers, assistants, and floor managers. If any employee had a charge account with us before entering our employ, we allow the use of it. All other employees charge through the medium of coupon books, payable the same as regular charge accounts, and frozen if not paid within Regulation W limits. The limit on coupon accounts is \$30.00. All employees may have a budget account, if their credit record is satisfactory. The limit on employee charge accounts is based on ability to pay.

★ ★ ★

Salt Lake City, Utah: We have a policy whereby we open no charge accounts until an employee has been with us at least two weeks, and do not allow the customary discount until a month has passed. We limit the individual according to the position held, etc., and have no hard and fast rule regarding that limit. We do, however, through a medium of pay roll deductions, try to clear accounts every thirty days.

★ ★ ★

San Francisco, Calif.: Our policy on employee accounts is the same as for an outside customer. The account is opened or declined on the basis of the employee's credit and financial background, and credit limits are based accordingly.

★ ★ ★

San Francisco, Calif.: The limit placed on an employee's account is determined when the application is taken, and the credit report is received. The amount of credit to be extended is governed by the employee's position, salary, and dependents. We have no pay roll deduction plan, but when an account exceeds the limit placed on it, the employee is notified. In the event that a single purchase is desired of a larger amount than the limit provides for, we have an understanding with the employee, and if he is unable to pay within the prescribed terms of an open account a conditional sales contract is arranged.

★ ★ ★

Seattle, Wash.: House accounts are opened on the basis of good credit. We allow a 15 per cent discount to all employees working on a full time schedule, and 25 per cent to executives and to those employees who have been with the organization a long time in specialized capacities. Contracts are arranged if the purchase is of sufficient amount, and the purchaser wishes extended time. The Regulation W down payment is required, but we charge no interest for the installment terms. Limits of credit depend upon the individual income, permanence of employment, and the credit standing of the employee. Temporary and part time employees receive a five per cent discount, and are entitled to buy on the days they are working in the store.

Springfield, Mass.: A tentative limit equal to two weeks' salary is placed on each employee's charge account. In the event that the employee anticipates a purchase exceeding the understood limit, arrangement for the purchase is made with the credit department. A budget or contract plan of payment usually results.

★ ★ ★

St. Louis, Mo.: Our employees are given credit privileges on the same basis as outside customers, and we open either regular charge accounts or deferred payment plan accounts on the basis of individual responsibility. We are very liberal in the analysis of employee applications and at all times extend the maximum terms when circumstances warrant our doing so. We make no deductions from salary. If employees cannot pay direct, their credit is restricted.

★ ★ ★

St. Paul, Minn.: An employee on a weekly salary basis is not permitted to incur indebtedness over and above the amount of his weekly income. We do not consider this an extension of credit, and do not inquire into the employee's credit responsibility, but look to his or her continued employment.

★ ★ ★

San Jose, Calif.: All employee charges are OK'd by an executive, and must be paid according to Regulation W on open accounts. Employees receive merchandise in the men's clothing department at 10 per cent above cost, and all other merchandise at 20 per cent off of selling price. There is no definite figure as to the limit of a charge account; however, employee charges never run over \$75.00.

★ ★ ★

Washington, D. C.: All employee accounts are opened at the discretion of, and maintained under the control of the credit office. The personnel department and the various department heads are contacted to ascertain whether the employee is satisfactory and permanent; however, they have no jurisdiction over the administration of credit. Regular accounts are opened for executives, junior executives, and for some employees whose wives or husbands are also gainfully employed. We obtain credit reports before opening these accounts, and the limits are based on the credit information. Budget accounts are opened for employees who have been on the pay roll for 90 days or longer. These accounts are established for the purchasing of large items. We obtain credit reports before these accounts are opened, and the amount of credit extended depends on the report. Employee coupons, which may be spent throughout the store, are issued to employees who have been on the regular pay roll for 90 days or longer. We limit our service group to one week's salary, but exceptions may be made by the credit executive. All employees may use the week end privilege which allows them to purchase up to two-thirds of their weekly salary with the understanding that the entire amount will be deducted from the following week's salary. An employee may have a regular account and a budget account, or he may have a coupon account and a budget account, however, he may not have a regular account and a coupon account at the same time.

(To be continued next month.)

"Credit Forecast"

(Beginning on page 7)

town, it is just a question of time before he will go back, and you can proceed with your collection. In taking 1946 applications, you will have to find out whether he worked in another city previously, and then secure a report through your credit bureau from the bureau in the previous city. In the same way, if you report your bad accounts and skips to your local bureau, they will be able to tell you the debtor's new address when he tries to establish credit in a new city of residence. Cooperation with the bureau will clear up the vast majority of your skips.

With credit bureau files containing far more information than ever before, credit granters must secure complete and accurate identification on every applicant so the bureau file clerks can find those cards which are in file. This is essential to reduce losses to a minimum. Credit bureau records are filed under the subject's first name, not the initial. Consequently, if the initial only is given, there is a possibility that the proper card will not be found. Many cards are filed under the wife's name, and if the husband's name only is given, a "No record in file" results. The same negative report results when only the wife's name is given and the card is under the husband's name. When applications are taken on the floor, instructions must be given to the salesclerk to get a full application. On mail orders, the advertisers should provide instructions to give complete identification on their order forms.

Complete Application Necessary

Those firms which give complete identification profit through reduced losses. A complete application means that the first name is given in full, the middle initial, the last name spelled correctly, both husband's and wife's names, whether Senior or Junior, the former as well as the present address, (as most bureau records are under a former address where the customer has moved since making the last application for credit) the position, name and address of firm, and where the employment has changed within two years, the former business and address as well.

During the war period, the credit bureau was a war casualty. Its business decreased from 40 to 70 per cent. Most of its investigators were of draft age and went into military service, and much of the clerical help was attracted into defense plants or other higher paying jobs. Despite these handicaps the credit bureau universally maintained their records and service. Due to the impossibility of securing filing cabinets during the war, they must now secure this equipment to house their expanded case histories, and then must follow the weeding of obsolete records and the training of new employees to take care of a volume of business that all agree will be far larger than ever before.

The building of the credit bureau of the future is a great challenge to the bureau managers and the credit executives who guide them. *Cooperation of all credit granters through the credit bureau is the foundation of sound and controlled credit.* ★★★

"Credit Policy"

(Beginning on page 10)

routine operation. In some cities utilities provide the credit bureau with the names of all newcomers, whereupon the bureaus immediately obtain credit reports from bureaus at their former locations. Such cooperation helps the bureau, the local merchants, the utility, and frequently the customers as well.

The use of inquiry cards between utilities themselves is another source of information which is helpful. It is found, however, that some utilities are reluctant to answer such inquiries, presumably because they have not maintained records from which the answers are quickly and easily obtainable. If a customer's record has been good, it is a matter of courtesy to him that the inquiring company be told about it. On the other hand, courtesy and cooperation with the inquiring utility should cause it to receive a prompt report in regard to an unsatisfactory credit risk. It is to be regretted that all utilities are not able to cooperate in this respect.

It goes without saying that if utilities are to have credit policies comparable to those of other retail business, they must have credit executives with the required training and ability. This means that they must know how and where to secure needed information and be able to apply good judgment to all credit and collection operations. Their value will be enhanced by contact with other credit and bureau men at the meetings sponsored by the credit associations. Here, also, they will be able to dispel the common belief that with utilities it is simply a case of securing all accounts by deposit and immediately suspending service to all that are past due.

The fundamentals of a credit policy for utilities are:

- a. Greet your prospective customer cordially. Interview him privately.
- b. Ask sufficient questions to permit you to know those things you should for your mutual interest.
- c. Accept his signature on his first application, if you wish. Don't demand it because of "policy."
- d. Don't ask for a deposit unless you know his credit record is unsatisfactory.
- e. Allow service to be made available at once, even if further credit investigation is necessary.
- f. Establish a record that will enable you to know your customer so you can authorize credit sales promptly and refund deposits automatically when experience justifies this action.
- g. Use your customer's record as a basis for collection action on past-due accounts, thereby assuring the type of action each account should receive.
- h. Patronize and give wholehearted support to your local Credit Reporting Agencies. Use other credit information channels freely.
- i. Have your credit executive become active in your Local and National Credit Associations. The benefits will be mutual.

As we begin a new era of business expansion with the end of the war it appears that more favorable customer reaction will result from policies that are like and not different from those generally used. *In the last analysis, there seems to be no reason to be different unless we can be better.* ★★★

SALES Promotions



Inactive Accounts Often Overlooked

THERE ARE two types of inactive accounts which are often overlooked by many stores. One type is the account which carries a credit balance due to overpayment or returned merchandise, the store anticipating that some time in the near future this credit will be traded out by the customer and absorbed in that manner.

While making an analysis of a number of these accounts we learned that they had been on our records for several months without any purchases being made against them. During that time, the customer's account was as inactive as though there had been no balance on the account. Since it was a credit balance, and was in the active accounts receivable, it did not come to the attention of the promotion department for reactivation. We allowed these credit balances to remain on the accounts for sixty days, after which time we sent a check as a refund to the customer, accompanied by the following letter:

A recent audit of your account indicated a credit balance caused by an overpayment for which we are enclosing a check.

We are very much concerned about the fact that your account has not been used for some time. The next time you are in the store, take advantage of this convenient method of shopping and use your account when you purchase desirable merchandise from our most complete stock.

We will be looking forward with interest to seeing you soon.

After doing this for a number of months, we found that those accounts on which purchases have been made, and found that during a period of ninety days after the refund 70 per cent of the accounts responded to the use of their accounts and purchased 94 per cent of the total amount which we had refunded during that time. This was a worth-while venture and it impressed upon the customer that we refund accounts. In many instances they had overlooked this fact, and were unaware that they had a balance in their favor. The number of letters and personal calls which we received from this promotion indicated that we had created a large amount of good will among these customers, and encouraged them to use their accounts in the future.

The letter below covers the second group of accounts which have been inactive because of past-due balances:

Thank you for the final payment on your account.

We appreciate the effort you have made to bring it up to date. The sincerity of your effort portrays a character of which you may well be proud.

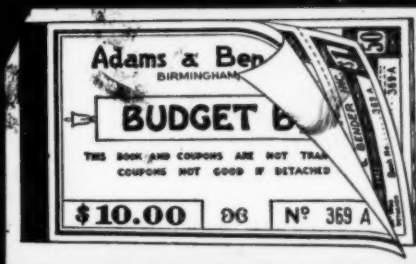
Since conditions have improved, we believe you would again enjoy the convenience of a regular Parker account. We are, therefore, reopening your account, for we are certain that in the future you will pay each month's purchases promptly.

Please feel free to call on us whenever we can be of service to you.

These customers were not allowed to charge because their accounts were frozen or past due. After obtaining revised credit reports when the balance was paid, and learning whether or not the customer's credit standing was reasonable, this letter was sent soliciting the use of the account in the future. This method has been instrumental in creating good will and encouraging the customer to pay his bills each thirty days when the account is again active. It has brought back many good accounts which might have been overlooked had we not contacted them by letter, and lead them to believe we were still interested in their patronage. They might have gone elsewhere to open an account, and we would have lost a large volume of business. We feel that this is a worthwhile effort, and should be followed up by all credit departments to create additional business.—Dean L. Ashby, Credit Manager, M. L. Parker Co., Davenport, Iowa.

MERCHANDISE COUPON BOOKS

for
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Ask Us How And Why

Southern Coupon Co.

P. O. BOX 1472 - BIRMINGHAM 1, ALA.

Granting Credit in Canada

J. H. SUYDAM • • • Canadian Correspondent

Installment Selling in Our Post-War Economy

WITH THE TERMINATION of hostilities, the question of maintaining a high level of employment is now paramount. A level of employment considerably higher than existed prior to the war must be maintained, if our national economy is to function in a normal manner.

Canadian manufacturers, with their expanded production facilities, can produce goods in adequate quantities and with a minimum of delay, now that restrictions have been lifted. The problem, after the initial pent-up demand has been satisfied, will be one of continued wide distribution so that our factories can keep the maximum number of employees on their pay rolls. Installment selling, properly applied, will play an important part in distributing the manufactured products by stimulating the high ratio of sales necessary to insure and maintain that high level of employment.

During the last two or three years most retailers have had little practice in the art of installment selling. A customer, desiring the privilege of purchasing one of the few appliances on display, feels that to suggest terms might be a detriment. He produces cash, in many cases with a resulting drain on savings that might have been kept for a rainy day. However, this era of easy sales will disappear as soon as our factories get into full production, merchandise is again available, and the competitive spirit which has done so much to develop the high standard of business returns.

It is my personal opinion, borne out by the War Production Board surveys made in the United States, that the postwar percentage of installment sales as related to total sales will closely parallel prewar percentages. In fact, 75 per cent of the families questioned during the W.P.B. survey said they would purchase on an installment plan in the postwar period. Victory Bonds and War Savings Certificates have been too dearly acquired to be lightly turned into cash in order to buy appliances and radios as long as flexible and economical financing plans are readily available—financing plans which will permit the purchase of such items out of income and with only a small initial cash payment.

Since we have gotten out of practice insofar as installment selling is concerned, and bearing in mind that the retailer's profits are derived only from merchandise that remains sold, let us review the fundamental principles, procedures, and practices of installment selling. The introduction of government regulations during the war emergency has fully emphasized in the public mind not only the necessity for a reasonable cash investment on

the part of the installment buyer, but also the necessity for the seller making a nominal charge to offset the cost of providing installment facilities. The public has willingly accepted these necessities, and is reconciled to the fact that the cash buyer should be quoted a price lower than a purchaser requesting extended payments.

Let us hope that merchants will not drift back to the prewar ideal of installment selling with the slogan of, "Every man for himself," but rather let us in the post-war period benefit from the years of planning that have resulted in a nationwide dealers' association with its ideal of fair play and a square deal for all—manufacturer, distributor, retailer, and customer.

I hope that equitable installment principles and practices will continue after the present restrictions are lifted, and that this will be the result of free enterprise rather than through any form of provincial or dominion control. Government control during the present crisis was essential, and has served its purpose. These controls, in modified form, should be left in effect for a short time after production is resumed, and until the available supply of raw materials and labour is sufficient to meet the requirements of our factories on a full production basis.

Sound Credit Policy

I do not advocate a policy of unrestricted terms. The primary requirements of a sound installment sale are a sufficient initial cash investment by the customer, and sufficiently large monthly installments so that he will have a definite interest in meeting his obligation and retaining the merchandise. Down payments and terms should, however, bear a definite relationship to the durability and potential resale value of the merchandise. The general condition of business in the country also enters into the picture. If conditions are such that sales must be stimulated, a nominal reduction in down payment requirements and lengthening of terms are desirable, and will produce increased sales.

During the first postwar years such will not be the case, and continuation of reasonable down payments and terms will be desirable. Terms up to 24 months for some commodities would not be out of line even during this prospective boom period—subject, of course, to retention of the \$5.00 minimum installment requirement.

Let us consider the essential features and provisions of the average small unit installment contract. The present tendency is to eliminate any form of promissory note, and to use the most simple form of agreement that retains the essentials of a binding contract. The shorter the form, the less customer resistance there will be at the time of signing. In addition to reducing customer resistance, the simplified form combined with elimination of the promissory note reduces the possibility of error when drawing up the document, and provides for only one place in which the customer is required to sign.

HUBERT C. MUDIE, the author of this article, is Assistant Vice-President, Canadian Acceptance Corporation Ltd., Toronto, Ontario, Canada.

The main provisions for the protection of the seller are the following:

1. Clearly scheduled selling price and terms for repayment.
2. Retention of title and ownership of the article until full payment is made.
3. Provision for acceleration of payments in the event of default—termed acceleration clause.
4. Provision for retaking possession without process of law, in event of default.
5. Provision that the article shall be construed as movable property, even though affixed or bolted to the premises.

This last clause will be advantageous in the postwar period with the trend toward built-in units.

Many contracts are drawn up and signed in the customer's home. Whether these agreements are drawn up in the store or outside, it is equally important that the salesman or saleslady secure, at the time, some reliable data on the customer through the analysis of which a reasonably accurate estimate of the customer's ability to pay the new obligation can be made. Information such as the following is important:

1. The number in the family.
2. The customer's wage or salary.
3. Name of employer and the length of time employed.
4. Names of others with whom he has contracted installment obligations, and the respective amounts.

Previous satisfactory experience is a good indication, but not always sufficient for a decision.

To those of you who carry your own installment paper, I recommend for your consideration membership in the credit bureau serving your locality, and that a report be obtained in the case of each sale to a new customer. The cost of telephone reports is very low. This information, coupled with the data developed by your salesmen will insure a prompt and usually accurate decision. The acme of perfection in the extension of credit is not a perfect credit record with a resulting stifling of sales, but an intelligent, flexible, and well-operated credit plan with a lower than normal ratio of losses.

The question of annexation to realty is one that may confront us frequently in the postwar period. The question is whether or not the goods shall be classified as fixtures. In addition to the requirements for registration in the office of the Clerk of the County Court, it is required that where goods, other than building materials, are affixed to realty, registration must be made in the proper land titles office, if protection is desired against subsequent creditors of the purchaser.

Law on Annexation

In a decision of the Court of Appeal on December 31, 1941, Justice McTague dismissed the claim for damages by the mortgagee of an apartment house where three electric refrigerators and two gas stoves were repossessed. The mortgagee claimed that these items were fixtures and therefore part of the realty. The Justice in his written opinion stated, "Whether a thing is to be regarded as a fixture or not depends upon two principles; the purpose of its annexation, and the degree of its annexation. Each case must be decided on its facts in the light of the principles. Changing conditions have resulted in different applications of the principle from time to time, but the principle has remained the same."

You are reasonably safe in the event of repossession, if the merchandise was not installed solely for the purpose of improving the premises themselves, and particularly if the merchandise can be readily removed, leaving the premises in the same condition as prior to

installation. You cannot repossess building materials under any conditions. Land title registration is recommended in all cases, when the amount involved is large, and when there is any possibility of the item being classed as a fixture.

The Conditional Sales Act requires that the seller retain repossessed merchandise for twenty days, and the courts have further qualified this by stipulating that it must be retained in the same condition as when repossessed. Customers have the privilege of redeeming the merchandise during this period. Out of the proceeds of resale, the seller may deduct the unpaid balance plus the cost of handling, storing, and reselling. However, there is no specific provision in the Conditional Sales Act which says that the surplus from such resale must be given to the customer. The Act does not so state, but such is the law. This has been decided by the courts on more than one occasion. Unfortunately, this fact has not been publicized, and as a result there have been abuses and instances where merchandise has been repossessed by unscrupulous dealers when only a small balance remains unpaid; the merchandise being sold, and no accounting made to the customer.

New Act Introduced

With these abuses in mind, some public spirited merchants and some of our well-known credit bureaux have been endeavoring to promote a change in our entire system of installment selling by suggesting the introduction of an Act, perhaps to replace the Conditional Sales Act, and patterned after the Hire Purchase Act (1938) of Great Britain. One of the provisions of this Act is that you may not repossess merchandise without a court order, if one-third of the purchase price has been paid, and you will realize to what extent your routine of installment selling might be hampered.

No reputable merchant wants repossessions; merchandise is repossessed as a last resort, and only after all other methods of adjusting the account have failed. With the introduction of a requirement such as the one mentioned above, the cost of handling installment accounts would go up since you would not only be faced with legal procedure on the routine percentage of repossessions, but added to these would be that additional percentage of customers who would attempt to hide behind the law. Fair play for the customer is the plea of those who are working for an amendment, but in obtaining it, why sacrifice your rights under the Conditional Sales Act, rights which already ably protect the customer? No matter under what Act we operate, there will be abuses by that small percentage of merchants who live only for today, and for their own pocket.

The question of unfair practice insofar as repossessions are concerned can be fully controlled by one of two procedures:

1. Publicity insofar as customer's present rights in the case of repossession are concerned or,
2. Amendment to the Conditional Sales Act to require specifically that an accounting be sent to the customer after resale of the repossessed commodity has been made, and, further, that the merchant may look to the customer to make up any deficiency after resale. Customer also must be paid any surplus after providing for seller's costs for retaking, repairing, storing, and reselling the merchandise.



In the News

IN 1940, the Twentieth Century Fund says, 84 per cent of our population lived in electrically lighted houses. Of the homes wired for electricity by the end of that year, 95 per cent had electric irons, 63 per cent refrigerators, 54 per cent clocks, 49 per cent vacuum cleaners, and 35 per cent coffee percolators.

★ ★ ★

SHOPPERS return one eighth of the goods they buy in department stores. In other words, one day's sales out of eight are a dead loss.

★ ★ ★

HOUSING is largely a second-hand business. On the average, used homes account for roughly three quarters of annual sales and probably half of all the rented dwellings in the United States are used single-family houses.

★ ★ ★

INSTALLMENT accounts outstanding at department stores increased by somewhat more than the customary seasonal amount in November, and continued above the year-ago level. Charge accounts receivable showed more than usual seasonal increase in November, and were 11 per cent higher than in the corresponding month last year. Cash and credit sales showed substantial gains over the October volume, as is usual in November.

★ ★ ★

THE AVERAGE number of school years completed by city children is 8.7 and by farm children 7.7.

★ ★ ★

MORE THAN 20 per cent of our urban dwellings had no private bath in 1940 and an additional 10 per cent were in need of major repairs. Over a third of our farm-houses needed major repairs, and a majority had no bath, gas or electricity.

★ ★ ★

INSTALLMENT accounts outstanding at jewelry stores showed about the usual rise during November, but at the end of the month were two per cent less than a year ago. Furniture store accounts receivable increased further, and were again above last year's volume. The amount outstanding at household appliance stores remained at the extreme low which has prevailed throughout 1945. The November collection ratios on installment accounts for furniture and household appliance stores were unchanged at the high October levels of 27 per cent and 52 per cent, respectively. Increased collections at jewelry stores resulted in a collection ratio of 33 per cent, two points higher than in October.

★ ★ ★

ANNUAL RETAIL census covering 1945 operations, to begin in February, will cover 44 kinds of business, including filling stations, eating places, taverns, package-goods liquor stores, second-hand stores, plus regular pre-war groups, as food, furniture, automotive, hardware, etc. New census forms will be only a little larger than a postal card, will cover total sales for '44 and '45 and year-end inventories both years.

★ ★ ★

FURNITURE STORE sales increased four per cent in November, and continued one-fifth above the year-ago level. Inventories declined further in November, but at the end of the month were six per cent higher than on the corresponding date last year. Installment accounts receivable rose five per cent in November, and continued somewhat above the year-ago level.

*Reading this publication carefully
and regularly will contribute to
your success as a Credit Executive.*

TREASURY now shows a cash working balance around \$26 billion which is more than the federal debt in 1933.

★ ★ ★

THE PRESIDENT'S optimistic report on the first 100 days since V-J Day, showed that were it not for the strike wave, the nation would now be entering that brave new world period, filled with gadgets and long-gone consumer goods. It also showed that the Government's economists had underestimated the nation's capacity to swing back to civilian production. Total employment is at V-J Day levels and will rise. Plant reconversion is nearing "virtual completion." Business is good despite strikes being on the upsurge. Inflationary pressure is greatest in prices of real estate and raw materials.

★ ★ ★

ESTIMATES OF unemployment in 1946 continue to drop. Federal officials are now guessing the peak will be 4,000,000 persons. They were estimating as many as 8,000,000 when the war ended, and when there was agitation for Washington to take steps.

★ ★ ★

PROGRAMS ARE virtually completed for the series of Marketing Conferences which will be held in various sections of the country during February and March under the sponsorship of the Domestic Distribution Department and the Division Offices of the National Chamber of Commerce. The underlying purpose of these meetings is to stimulate the thinking and planning of progressive distributors leading to the development of a postwar market for from 30 to 50 per cent more goods and services than were ever before consumed in the United States.

★ ★ ★

CONSUMER INSTALLMENT loans outstanding at commercial banks, small loan companies, industrial banking companies, and credit unions rose 45 million dollars during November to an estimated total of 1,171 million dollars. Loans made during November increased about 7 per cent over the previous month's volume to an estimated total of 259 million dollars, which is 36 per cent higher than the year-ago level.

★ ★ ★

NEW STABILIZATION policy acknowledges an increase of 33 per cent in living costs between January, '41, and September, '45. Retailers continue in a hot spot until OPA abandons or modifies policy of "cost absorption" by distribution to cover factory price increases.

★ ★ ★

CURRENT forecasts of federal expenditures in the postwar period range from \$15 billion to upwards of \$25 billion. This is exclusive of social security taxes which, without a dollar in new commitments, will have reached a level of \$3.5 billion in the next five years.

★ ★ ★

IT HAS BEEN estimated that over one billion passenger miles were saved owing to the eight-month ban on conventions. 3,600 were not held. 3,248,775 persons would have attended these conventions, traveling a round-trip average of 310 miles.

★ ★ ★

THE FEDERAL DEBT now stands at \$278 billion, the highest on record. But declining expenditures and continued high income are expected to keep the debt from going through the present \$300 billion ceiling. In the last six months of 1945, government spending dropped to \$38.5 billion, \$10 billion less than a year earlier; income was \$19.9 billion, as against \$20.3 billion in the 1944 period.

★ ★ ★

THE REAL INCOME of the American people, reflecting increasing unemployment, as a result of spreading nation-wide strikes, at the start of December, 1945, was 79 cents, or 21 cents lower on the dollar than a year earlier, according to Investors Syndicate. Lessened real income of American consumers results from lower total cash incomes, such as salaries and wages, and higher cost of living.

Credit and Collection Procedure

FILING CLAIMS

DO YOU SEND 100 per cent of your claims to your Credit Bureau Collection Department? If you do not, you are not only missing a good bet in the collection of accounts, but defeating the idea of a Central Credit Bureau in your community. The following three illustrations of recent collections prove this point:

- A. A very old Profit and Loss balance was paid when a customer asked for credit with another member of the Bureau. She was sent to the Bureau to discuss her record.
- B. A small balance of \$3.19 owed by a second customer was paid as the result of a request for new credit from another member.
- C. \$169.00 was paid by the third customer because credit was asked from another member.

You have two shots at a collection when you file claims with your bureau:

1. A record is made of it in the Master Creditfile.
2. This information is given to a member upon calling to make a new inquiry.

When the claim is filed, your past-due customer is notified that her credit record is in jeopardy—this is Shot Number One.

Collection Department Procedure

When a member inquires about opening a new account and the customer has an unpaid bill in your file, he is immediately referred to the Collection Department. The Divisional Collection Manager calls the store that is inquiring, and requests that the customer come to the Bureau. He then telephones or writes to the customer and informs her that we cannot approve the credit requested because of the unpaid bill.

Our Divisional Collectors drop everything when requests for information are received on a claim from the Creditfile. This is the moment they have been anxiously awaiting. This is the psychological time to impress the customer with the fact that if she does not pay one of the members of the Bureau, she cannot expect another member to open an account for her. There is no other medium of collection that has this triple threat.

If you do not file 100 per cent of your claims with the Credit Bureau you are the loser. You teach the customer that she does not have to pay her bills in the community, and you may be the cause of your contemporaries charging balances to Profit and Loss.—Charles F. Sheldon, *Manager, Philadelphia Credit Bureau, Inc., Philadelphia, Pennsylvania.* ★★★

AIR CASTLES

MANY AN AIR CASTLE is being built these days on expected profits from postwar sales financing. These castles are perhaps more numerous and airy among those who plan to enter the business than among those who have had experience. One credit factor that has taken the air out of many a castle in the past, and can be expected to do so in the future, is the one which involves receding collateral values. Such a drop can come from many reasons, but the most widespread and the most harmful is a deflation or down trend in the overall price structure of products financed.

At this time with merchandise scarce and public pockets full of money, and with high material and wage costs making for high prices, one would seem almost a pessimist to be mentioning such a thing as lower prices. That is not pessimism, however, but forward thinking for forward planning. It is a fundamental fact that high corporation taxes have become a part of the cost of doing business as expenditures for light, water and raw materials and that inevitably, in a competitive economy, business tax reductions would be passed on to consumers in price cuts. Taxes are only one factor in prices. Maximum employment, which is the nation's foremost problem after peace, must bring peak production, and that, in turn, lower prices. Then, the keenest competition of all time, both in products and in services, may be expected to center on lower prices as a foremost sales weapon. Technological advancement will play its part in reducing prices. Anything affecting the strength of consumer demand, whether ability to pay, merchandise attraction, satisfied desires, or what not, all have a decided bearing on prices.

At what time or times these various forces will bring about lower prices is unknown, but it is very clear that sooner or later in the postwar period sales financing will have to contend with the condition. The installment business that doesn't finance its collateral soundly and doesn't keep its customer equities in line with price and value trends is going to see air pockets instead of air castles in its profits.—W. H. Baldwin, *Vice-President of Credits for the United States and Canada, General Motors Acceptance Corp., New York, N. Y.* ★★★

To do more business profitably, and to help locate "lost customers," always take a complete credit application from all new accounts and check these through your Credit Bureau.



Retail Credit Survey

THE FEDERAL RESERVE SYSTEM will conduct a Retail Credit Survey again this year covering 1945 operations in nine kinds of retail businesses. Forms for use in reporting the information are being distributed now. Any retailer who has not received a schedule and wishes to participate in this Survey should request one from the Research Department of the nearest Federal Reserve Bank where additional forms are available.

The success of the Retail Credit Survey this year, as in the past, depends to a great extent on the wholehearted cooperation of a large and representative group of merchants in the retail lines covered. Last year, approximately 6,000 firms made returns. And even wider participation is urged for 1945 so that the Survey will provide a true picture of the retailer's position during 1945, a year marked by the end of war and the first months of adjustment to peacetime operations. Results of the Survey will be made available to all firms which have furnished information.

Virtually the same information is requested for 1945 as was contained in the preceding Survey, and all of it is quite readily obtainable from records customarily maintained by retailers. The Reserve Banks are asking that returns from respondents reach them before the end of February. Every retailer transacting some business on credit and belonging in one of the trade lines listed below is cordially invited to participate in the 1945 Retail Credit Survey: (1) automobile dealer; (2) automobile tire and accessory store; (3) department store; (4) furniture store; (5) hardware store; (6) household appliance store; (7) jewelry store; (8) men's clothing store; and (9) women's apparel store.

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